

TOWN OF BRISTOL, RHODE ISLAND
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015



TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2015

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TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2015

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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, 2015, 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 approximately 30 percent, (50) percent and 50 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, 2015, 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 Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2015 the Town adopted new accounting guidance affecting the accounting for pensions. Due to the adoption of this guidance, the Town restated its 2015 opening net position, resulting in a decrease in net position of \$17,936,181 at July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 4 through 11, and budgetary comparison schedule and historical pension and other postemployment benefit information on pages 76 through 85 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

Independent Auditors' Report (Continued)

Members of the Town Council
Town of Bristol, Rhode Island

Other Matters (Continued)

Required Supplementary Information (continued)

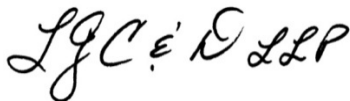
to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 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.



Providence, Rhode Island
December 16, 2015

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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, 2015.

Financial Highlights

- The assets of the Town exceeded its liabilities as of June 30, 2015 by \$53,407,186 (*net position*). Due to the implementation of GASB 68, as described below, and the recording of pension liabilities, the Town had a deficit in unrestricted net position of \$9,250,293.
- As of June 30, 2015, the Town's governmental funds reported combined ending fund balances of \$18,817,064, an increase of \$1,144,861 in comparison with the prior year, principally the result of capital grants and bond proceeds received during the year.
- As of June 30, 2015, the unassigned fund balance for the General Fund was \$7,904,454, or approximately 18% of total General Fund revenues.
- For the fiscal year ended June 30, 2015, the Town adopted the provisions of Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 requires the net pension liability to be measured and reported as the total pension liability less the amount of the pension plan's fiduciary net position. In addition, GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses. As required by GASB 68, effective July 1, 2014, the Town recorded a net pension asset, a net pension liability, the necessary deferred outflows and inflows of resources, and the associated adjustment to expenses. Due to the adoption of GASB 68, the Town has restated its 2015 opening net position, resulting in a decrease in net position of \$17,936,181 at July 1, 2014. The decrease in beginning net position resulted from a \$527,211 net increase in assets, a \$799,522 increase in deferred outflows of resources, and a \$19,262,914 increase in liabilities. The adoption of GASB 68 decreased the net position for the fiscal year ended June 30, 2015 by \$860,500 due to pension expense.

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, 2015

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 12 through 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, 2015

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 92 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, 2015

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 \$53,407,186 at June 30, 2015.

Town of Bristol's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014	2015	2014 Restated
Current and other assets	\$ 23,413,304	\$ 22,055,014	\$ 2,893,684	\$ 2,733,010	\$ 26,306,988	\$ 24,788,024
Capital assets	59,612,745	60,535,879	45,311,143	42,541,464	104,923,888	103,077,343
Total assets	83,026,049	82,590,893	48,204,827	45,274,474	131,230,876	127,865,367
Deferred outflows of resources	1,808,183	799,522	-	-	1,808,183	799,522
Long-term liabilities	31,041,011	50,216,349	22,037,689	19,977,443	53,078,700	70,193,792
Other liabilities	22,277,785	4,002,319	2,833,926	2,244,336	25,111,711	6,246,655
Total liabilities	53,318,796	54,218,668	24,871,615	22,221,779	78,190,411	76,440,447
Deferred inflows of resources	1,441,462	-	-	-	1,441,462	-
Net position:						
Net investment in capital assets	32,597,627	31,760,378	21,868,152	21,264,513	54,465,779	53,024,891
Restricted	8,191,700	7,083,558			8,191,700	7,083,558
Unrestricted	(10,715,353)	(9,672,189)	1,465,060	1,788,182	(9,250,293)	(7,884,007)
Total net position	\$ 30,073,974	\$ 29,171,747	\$ 23,333,212	\$ 23,052,695	\$ 53,407,186	\$ 52,224,442

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less outstanding debt equals \$32,597,627. 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, 2015

Government-wide Financial Analysis (Continued)

Town of Bristol's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,321,806	\$ 2,248,690	\$ 5,086,708	\$ 5,055,456	\$ 7,408,514	\$ 7,304,146
Operating grants and contributions	365,684	383,468			365,684	383,468
Capital grants and contributions	585,212	2,536,459			585,212	2,536,459
General revenues:						
Property taxes	37,853,518	36,839,635			37,853,518	36,839,635
Grants and contributions not restricted to specific programs	2,525,053	2,660,827	42,151	2,465	2,567,204	2,663,292
Investment earnings	698,567	946,741	29,641	32,080	728,208	978,821
Miscellaneous	647,562	685,315			647,562	685,315
Total revenues	<u>44,997,402</u>	<u>46,301,135</u>	<u>5,158,500</u>	<u>5,090,001</u>	<u>50,155,902</u>	<u>51,391,136</u>
Expenses:						
General government	2,895,236	2,815,384			2,895,236	2,815,384
Public safety	8,355,814	8,748,330			8,355,814	8,748,330
Public works	7,360,316	7,545,812			7,360,316	7,545,812
Community services	2,965,419	2,686,618			2,965,419	2,686,618
Education	21,431,858	22,039,592			21,431,858	22,039,592
Interest on long-term debt	1,161,532	1,172,273			1,161,532	1,172,273
Sewer			4,802,983	4,870,494	4,802,983	4,870,494
Total expenses	<u>44,170,175</u>	<u>45,008,009</u>	<u>4,802,983</u>	<u>4,870,494</u>	<u>48,973,158</u>	<u>49,878,503</u>
Increase in net position before transfers	827,227	1,293,126	355,517	219,507	1,182,744	1,512,633
Transfers	75,000	75,000	(75,000)	(75,000)	-	-
Increase in net position	<u>902,227</u>	<u>1,368,126</u>	<u>280,517</u>	<u>144,507</u>	<u>1,182,744</u>	<u>1,512,633</u>
Net position, beginning of year:					-	
As previously reported	29,171,747	45,739,802	23,052,695	22,908,188	52,224,442	68,647,990
Restatement		(17,936,181)			-	(17,936,181)
As restated	<u>29,171,747</u>	<u>27,803,621</u>	<u>23,052,695</u>	<u>22,908,188</u>	<u>52,224,442</u>	<u>50,711,809</u>
Net position, end of year	<u>\$ 30,073,974</u>	<u>\$ 29,171,747</u>	<u>\$ 23,333,212</u>	<u>\$ 23,052,695</u>	<u>\$ 53,407,186</u>	<u>\$ 52,224,442</u>

Governmental Activities

Governmental activities increased the Town's net position by \$902,227, accounting for 76% of the growth in the net position of the Town. Due to the implementation of GASB 68, a restatement in the amount of \$17,936,181 reduced the overall net position of the Town. The net position now reflects the liabilities associated with the Town's pension plans.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2015

Business-Type Activities

Business-type activities increased the Town's net position by \$280,517 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, 2015, the Town's governmental funds reported combined ending fund balances of \$18,817,064. Approximately 5%, or \$946,256, constitutes committed and assigned fund balances, which the Town Council has designated for specific purposes. Approximately 41%, or \$7,651,517, constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately 40%, or \$7,620,264, is restricted by outside parties to be used for specific purposes. The remaining 14%, or \$2,599,027, 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, 2015, the total fund balance of the General Fund was \$10,686,754, of which \$7,904,454 was unassigned. Unassigned fund balance represents approximately 18% of total General Fund revenues. Of the total fund balance, \$161,279 was assigned to meet fiscal year 2016 General Fund expenditures.

The fund balance of the General Fund increased by \$45,571 in fiscal year 2015. The fiscal year 2015 annual budget for the Town's General Fund identified the appropriation of \$1,047,450 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenditures for the year were \$149,845 more than budgeted and actual revenues exceeded budgeted revenues by \$1,391,651. Expenditures for education totaled \$21,431,858, accounting for roughly 49% 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 \$1,465,060. The financial statements for the fund can be found on pages 19 through 22 of this report.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$1,391,648, primarily as a result of higher than anticipated property tax collections. Actual expenditures for the year were \$1,436,342 more than budgeted.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2015

Town of Bristol's Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$104,923,888, 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 the completion of a municipal animal shelter, wastewater treatment plant upgrades, sewer system repairs, drainage projects, road repair and paving, and renovations on an historic armory for the use of visiting boaters.

Commitments and Contingencies

At June 30, 2015, the Town is committed under construction contracts as follows:

Project	Contract	Spent to date	Remaining commitment
Headworks and Miscellaneous Improvements	\$ 4,686,464	\$ 2,685,997	\$ 2,000,467
Mt. Hope Pumping Station Improvements	1,378,210	1,316,040	62,170
Maritime Construction Project	1,261,184	273,340	987,844
Tanyard Brook Phase II: Design/Engineering	432,600	179,311	253,289
Road Paving Projects: Design/Engineering	114,500	46,793	67,707
CLG Grant Building Feasibility Study	<u>10,000</u>	<u>6,000</u>	<u>4,000</u>
	<u>\$ 7,882,958</u>	<u>\$ 4,507,481</u>	<u>\$ 3,375,477</u>

The Town of Warren, Rhode Island (Warren) received favorable judgement in a lawsuit against the Bristol Warren Regional School District (District) to decrease Warren's allocable contribution, and increase the Town's allocable contribution, to the District for fiscal year 2015 by \$2,054,790. Further, Warren filed for reimbursement for previous years in the approximate amount of \$4,000,000, in which its share of the District's budget was, allegedly, improperly calculated. The Town has filed an appeal and plans to rigorously defend this claim. It is reasonably possible that the Town will be responsible for the additional payments. No amounts for the potential liability have been recorded in the financial statements at June 30, 2015, or included in the fiscal year 2016 Town budget.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2015

Long-term debt

On June 30, 2015, the Town has total bonded debt, loans and capital leases outstanding of \$53,873,755, of which \$28,578,334 is backed by the full faith and credit of the Town.

On August 31, 2015, the proprietary fund of the Town entered into a new loan with the Rhode Island Infrastructure Bank (previously the Clean Water Finance Agency) in the amount of \$2,500,000 for various wastewater treatment related projects.

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 \$83,383,324, 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 2015 average unemployment rate for Bristol County, which includes the Town, is 5.1%. This compares with an unemployment rate of 5.9% for the State of Rhode Island and a national unemployment rate of 5.3%.
- \$135,000 of the General Fund fund balance was assigned to meet fiscal year 2016 General Fund expenditures.
- The Town's tax rate increased from \$13.06 to \$14.03 per thousand dollars of assessed value from the 2015 to the 2016 fiscal year. This was due primarily to increases in education aid and the reduction in fund balance appropriation.
- Student enrollments and state education aid losses increased for fiscal year 2016. As a result, the Town's contribution to the regional school district increased by \$939,062, or 4.38%, to \$22,370,920 for fiscal year 2016.

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, 2015

	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	\$ 13,757,728	\$ -	\$ 13,757,728	\$ 12,985,456	\$ 132,764
Investments	4,486,705		4,486,705		
Accounts receivable, less allowance for doubtful accounts of \$487,800:					
Property taxes	1,555,128		1,555,128		
Federal and state government	1,552,800		1,552,800	698,312	
Assessments and user fees		295,601	295,601		
Other	649,567		649,567	92,049	
Internal balances	(2,284,235)	2,284,235	-		
Inventory	22,990		22,990		
OPEB asset	393,919		393,919		
Net pension asset:					
MERS Police Unit District	1,207,919		1,207,919	5,615,571	
Noncurrent assessments and user fees		313,848	313,848		
Notes receivable:					
Mosaico	460,783		460,783		
Component unit	1,610,000		1,610,000		
Capital assets not being depreciated	13,890,106	810,278	14,700,384	124,299	
Capital assets being depreciated, net	45,722,639	44,500,865	90,223,504	33,118,035	
Total assets	83,026,049	48,204,827	131,230,876	52,633,722	132,764
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on bond refunding, net	280,981	-	280,981	108,011	
Police Pension Plan	667,364		667,364		
State of Rhode Island Pension Plan	859,838		859,838	3,774,216	
Total deferred outflows of resources	1,808,183	-	1,808,183	3,882,227	
LIABILITIES:					
Accounts payable and accrued expenses	1,716,786	1,056,675	2,773,461	2,309,443	-
Unearned revenue	34,916		34,916		
OPEB obligation, net				3,814,973	
Net pension liabilities:					
MERS General and Fire Units	4,840,327		4,840,327		
Police Trust Fund District	13,328,238		13,328,238	39,478,913	
Note payable, primary government:					
Due within one year				85,000	
Due in more than one year				1,525,000	
Long-term obligations:					
Due within one year	2,357,518	1,777,251	4,134,769	2,225,214	
Due in more than one year	31,041,011	22,037,689	53,078,700	19,782,878	
Total liabilities	53,318,796	24,871,615	78,190,411	69,221,421	-
DEFERRED INFLOWS OF RESOURCES,					
State of Rhode Island Pension Plan	1,441,462		1,441,462	5,673,829	

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District	Bristol Fourth of July Committee (Unaudited)
Commitments and contingencies (Notes 11 and 12)					
NET POSITION:					
Net investment in capital assets	\$ 32,597,627	\$ 21,868,152	\$ 54,465,779	\$ 11,142,542	
Restricted for:					
Capital projects	1,701,291		1,701,291		
Other purposes:					
Expendable	3,610,401		3,610,401		
Nonexpendable	2,880,008		2,880,008		
Unrestricted	(10,715,353)	1,465,060	(9,250,293)	(29,521,843)	\$ 132,764
Total net position	\$ 30,073,974	\$ 23,333,212	\$ 53,407,186	\$ (18,379,301)	\$ 132,764

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

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	\$ 2,895,236	\$ 687,678	\$ 2,200	\$ -	\$ (2,205,358)		\$ (2,205,358)	
Public safety	8,355,814	779,866	54,307	296,164	(7,225,477)		(7,225,477)	
Public works	7,360,316	665,680	875	280,406	(6,413,355)		(6,413,355)	
Community services	2,965,419	188,582	308,302	8,642	(2,459,893)		(2,459,893)	
Education	21,431,858				(21,431,858)		(21,431,858)	
Interest on long-term debt	1,161,532				(1,161,532)		(1,161,532)	
Total governmental activities	44,170,175	2,321,806	365,684	585,212	(40,897,473)		(40,897,473)	
Business-type activities:								
Sewer	4,802,983	5,086,708				\$ 283,725	283,725	
Total primary government	<u>\$ 48,973,158</u>	<u>\$ 7,408,514</u>	<u>\$ 365,684</u>	<u>\$ 585,212</u>	<u>(40,897,473)</u>	<u>283,725</u>	<u>(40,613,748)</u>	
Component units:								
Bristol Warren Regional School District	\$ 58,632,980	\$ 1,839,436	\$ 57,298,604	\$ 309,009				\$ 814,069
Bristol Fourth of July Committee (unaudited)	357,872	315,371	24,636					(17,865)
Total component units	<u>\$ 58,990,852</u>	<u>\$ 2,154,807</u>	<u>\$ 57,323,240</u>	<u>\$ 309,009</u>				<u>796,204</u>
General revenues:								
Property taxes					37,853,518		37,853,518	
Grants and contributions not restricted to specific programs					2,525,053	42,151	2,567,204	
Investment earnings					698,567	29,641	728,208	20,025
Miscellaneous					647,562		647,562	527,263
Transfers					75,000	(75,000)	-	
Total general revenues and transfers					<u>41,799,700</u>	<u>(3,208)</u>	<u>41,796,492</u>	<u>547,288</u>
Change in net position					<u>902,227</u>	<u>280,517</u>	<u>1,182,744</u>	<u>1,343,492</u>
Net position - beginning of year:								
As originally reported					47,107,928	23,052,695	70,160,623	17,236,927
Restatement - Note 1					(17,936,181)	-	(17,936,181)	(36,826,956)
As restated					<u>29,171,747</u>	<u>23,052,695</u>	<u>52,224,442</u>	<u>(19,590,029)</u>
Net position, end of year					<u>\$ 30,073,974</u>	<u>\$ 23,333,212</u>	<u>\$ 53,407,186</u>	<u>\$ (18,246,537)</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2015

ASSETS	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 13,200,001	\$ 132,336	\$ 425,391	\$ 13,757,728
Investments	404,900		4,081,805	4,486,705
Receivables:				
Property taxes, less allowance for doubtful accounts of \$487,800	1,555,128			1,555,128
Intergovernmental	1,100,575	210,626	241,599	1,552,800
Other	593,885		55,682	649,567
Due from other funds	462,411	3,844,540	495,693	4,802,644
Inventory	22,990			22,990
Advance to other fund	214,325			214,325
Notes receivable:				
Mosaico	236,033		224,750	460,783
Component unit	1,610,000			1,610,000
	<u>19,400,248</u>	<u>4,187,502</u>	<u>5,524,920</u>	<u>29,112,670</u>
Total assets	<u>\$ 19,400,248</u>	<u>\$ 4,187,502</u>	<u>\$ 5,524,920</u>	<u>\$ 29,112,670</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,165,153	\$ 179,185	\$ 60,505	\$ 1,404,843
Due to other funds	6,658,618	77,472	350,789	7,086,879
Advance from General Fund			214,325	214,325
Unearned revenue		27,916	7,000	34,916
	<u>7,823,771</u>	<u>284,573</u>	<u>632,619</u>	<u>8,740,963</u>
Total liabilities	<u>7,823,771</u>	<u>284,573</u>	<u>632,619</u>	<u>8,740,963</u>
Deferred inflows of resources	<u>889,723</u>	<u>210,626</u>	<u>454,294</u>	<u>1,554,643</u>
Fund balances:				
Nonspendable:				
Legally			577,617	577,617
Form	2,021,410			2,021,410
Restricted		3,506,937	4,113,327	7,620,264
Committed	599,611			599,611
Assigned	161,279	185,366		346,645
Unassigned	7,904,454		(252,937)	7,651,517
	<u>10,686,754</u>	<u>3,692,303</u>	<u>4,438,007</u>	<u>18,817,064</u>
Total fund balances	<u>10,686,754</u>	<u>3,692,303</u>	<u>4,438,007</u>	<u>18,817,064</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,400,248</u>	<u>\$ 4,187,502</u>	<u>\$ 5,524,920</u>	<u>\$ 29,112,670</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, 2015

Total fund balances for governmental funds		\$ 18,817,064
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net	\$ 59,612,745	
Pension and OPEB asset	<u>1,601,838</u>	61,214,583
Deferred outflows:		
Deferred charge on bond refunding	280,981	
Police Pension Plan	667,364	
State of Rhode Island Pension Plan	<u>859,838</u>	1,808,183
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.		1,554,643
Liabilities not due and payable in the current period and therefore not reported in the funds:		
Bonds and notes payable	(29,967,346)	
Capital leases	(463,418)	
Compensated absences payable	(2,967,765)	
Accrued interest	<u>(311,943)</u>	(33,710,472)
Liabilities used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Pension liabilities		(18,168,565)
Deferred inflows:		
State of Rhode Island Pension Plan		<u>(1,441,462)</u>
Net position of governmental activities		<u>\$ 30,073,974</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, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 38,310,594			\$ 38,310,594
Intergovernmental	2,120,324	\$ 374,651	\$ 323,829	2,818,804
Licenses, permits and fees	2,275,824			2,275,824
Investment earnings	520,268	9	178,290	698,567
Other revenues	788,880	331,410	295,831	1,416,121
	<u>44,015,890</u>	<u>706,070</u>	<u>797,950</u>	<u>45,519,910</u>
Total revenues				
Expenditures:				
Current:				
General government	1,809,461	35,340	21,490	1,866,291
Public safety	5,223,749	50,469	19,186	5,293,404
Public works	4,672,518	172,932	191,613	5,037,063
Community services	1,436,745		496,981	1,933,726
Education	21,431,858			21,431,858
Insurance, payroll taxes and benefits	5,967,131			5,967,131
Debt service:				
Principal	3,241,483			3,241,483
Interest	1,163,552			1,163,552
Bond issuance costs	46,313	20,000		66,313
Fees and charges	3,100			3,100
Capital outlay	213,124	1,167,389	16,633	1,397,146
	<u>45,209,034</u>	<u>1,446,130</u>	<u>745,903</u>	<u>47,401,067</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(1,193,144)</u>	<u>(740,060)</u>	<u>52,047</u>	<u>(1,881,157)</u>
Other financing sources (uses):				
Bond proceeds	5,540,000	1,635,686		7,175,686
Bond premium	302,849			302,849
Transfers from other funds	205,229	272,042	5,304	482,575
Transfers to other funds	(277,346)	(851)	(129,378)	(407,575)
Other financing uses	(4,532,017)			(4,532,017)
Other financing sources		4,500		4,500
	<u>1,238,715</u>	<u>1,911,377</u>	<u>(124,074)</u>	<u>3,026,018</u>
Total other financing sources (uses)				
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	45,571	1,171,317	(72,027)	1,144,861
Fund balances, beginning of year	<u>10,641,183</u>	<u>2,520,986</u>	<u>4,510,034</u>	<u>17,672,203</u>
Fund balances, end of year	<u>\$ 10,686,754</u>	<u>\$ 3,692,303</u>	<u>\$ 4,438,007</u>	<u>\$ 18,817,064</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, 2015

Net change in fund balances for governmental funds		\$	1,144,861
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.			
Capital outlays, including amounts charged to current expenditures	\$	1,408,883	
Loss on disposal of capital assets		2,824	
Depreciation expense		<u>(2,334,841)</u>	(923,134)
Revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the governmental funds.			(527,008)
OPEB and pension related amounts recorded in the statement of activities, but not in the governmental funds:			
Change in OPEB asset		53,891	
Change in pension asset		479,933	
Change in deferred outflows		727,680	
Change in pension liabilities		1,094,349	
Change in deferred inflows		<u>(1,441,462)</u>	914,391
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.			
Principal repayment on general obligation bonds		7,671,435	
Issuance of general obligation bonds and loans payable, less undrawn proceeds held by the State		<u>(7,175,686)</u>	
Capital lease		102,065	
Premium on bond issuance		<u>(302,849)</u>	
Amortization of premiums, discounts and deferred charges on refunding		<u>20,753</u>	315,718
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:			
Accrued compensated absences		(73,281)	
Accrued interest		<u>50,680</u>	<u>(22,601)</u>
Change in net position of governmental activities			<u>\$ 902,227</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET POSITION – PROPRIETARY FUND

JUNE 30, 2015

ASSETS:

Current assets:

Assessments and user fees receivable	\$ 295,601
Due from other funds	<u>2,284,235</u>

Total current assets	2,579,836
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Noncurrent assets:

Assessments and user fees receivable, less current portion	313,848
Capital assets not being depreciated	810,278
Capital assets being depreciated, net	<u>44,500,865</u>

Total assets	<u>48,204,827</u>
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LIABILITIES:

Current liabilities:

Accounts payable and accrued expenses	1,056,675
Current portion of long-term debt	<u>1,777,251</u>

Total current liabilities	2,833,926
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Noncurrent liabilities, long-term debt, net of current portion	<u>22,037,689</u>
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Total liabilities	<u>24,871,615</u>
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NET POSITION:

Net investment in capital assets	21,868,152
Unrestricted	<u>1,465,060</u>

Total net position	<u><u>\$ 23,333,212</u></u>
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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, 2015

Operating revenues:	
User fees	\$ 4,960,470
Other revenues	<u>126,238</u>
Total operating revenues	<u>5,086,708</u>
Operating expenses:	
Salaries and benefits	1,710,154
Materials and supplies	188,347
Repairs and maintenance	241,599
Depreciation	1,587,086
Utilities	398,796
Administrative	14,163
Miscellaneous	<u>87,742</u>
Total operating expenses	<u>4,227,887</u>
Operating income	<u>858,821</u>
Nonoperating revenues (expenses):	
Interest revenue	29,641
Interest expense	<u>(575,096)</u>
Total nonoperating revenues (expenses)	<u>(545,455)</u>
Income before capital contributions and transfers	313,366
Capital contributions, sewer assessments	42,151
Transfers to other funds	<u>(75,000)</u>
Change in net position	280,517
Net position, beginning of year	<u>23,052,695</u>
Net position, end of year	<u><u>\$ 23,333,212</u></u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

YEAR ENDED JUNE 30, 2015

Cash flows from operating activities:	
Cash received from customers	\$ 5,017,555
Cash received from other sources	126,238
Cash paid to employees and for benefits	(1,721,813)
Cash paid to suppliers	<u>(875,254)</u>
Net cash provided by operating activities	<u>2,546,726</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	(75,000)
Interfund borrowings	<u>(511,816)</u>
Cash used in noncapital financing activities	<u>(586,816)</u>
Cash flows from capital and related financing activities:	
Capital contributions	25,120
Acquisition and construction of fixed assets	(324,329)
Bonds issued	201,643
Principal paid on bonds and notes	(1,605,047)
Interest paid on bonds and notes	<u>(571,123)</u>
Net cash used in capital and related financing activities	<u>(2,273,736)</u>
Cash provided by investing activities, interest received	<u>29,641</u>
Net decrease in cash and cash equivalents	(284,185)
Cash and cash equivalents, beginning of year	<u>284,185</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)

YEAR ENDED JUNE 30, 2015

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 858,821
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,587,086
Changes in assets and liabilities:	
Accounts receivable, user fees	57,085
Accrued compensated absences	(5,765)
Increase in accounts payable and accrued expenses	<u>49,499</u>
Net cash provided by operating activities	<u>\$ 2,546,726</u>
Supplemental disclosures, noncash capital and related financing activities:	
Acquisition and construction of capital assets paid from loan proceeds held by State of Rhode Island	<u>\$ 3,569,444</u>
Capital contributions from new sewer construction assessments receivable over twenty years	<u>\$ (42,151)</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS

JUNE 30, 2015

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:				
Cash and cash equivalents	\$ 261,538		\$ 644,920	\$ 227,294
Investments:				
Mutual funds - bond	5,465,776	\$ 696,208	1,096,835	
Mutual funds - other	8,542,106	4,348,159	1,058,516	
U.S. Government securities			403,316	
Common stock	399,622		1,438,014	
Corporate bonds			287,932	
Foreign corporate bonds			2,694	
Government agency asset-backed trusts			9,273	
Taxable municipal			78,541	
Cash surrender value of life insurance		998,025		
Receivables:				
Investment income			20,563	
Contributions, employer		103,100		
Other				252,540
Prepaid expenses	<u>122,755</u>			
Total assets	<u>14,791,797</u>	<u>6,145,492</u>	<u>5,040,604</u>	<u>\$ 479,834</u>
LIABILITIES:				
Accounts payable		80,000	6,000	
Deposits held in custody for others				<u>\$ 479,834</u>
Total liabilities		<u>80,000</u>	<u>6,000</u>	<u>\$ 479,834</u>
NET POSITION:				
Restricted for pension benefits	<u>\$ 14,791,797</u>			
Held in trust for other purposes		<u>\$ 6,065,492</u>	<u>\$ 5,034,604</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, 2015

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions to net position:			
Contributions:			
Employer	\$ 1,382,578	\$ 1,270,622	
Plan members	30,911	69,136	
Life policies		100,000	
Donors			\$ 158,875
	<u>1,413,489</u>	<u>1,439,758</u>	<u>158,875</u>
Investment income, net:			
Interest income	379,687	77,170	88,514
Net appreciation (depreciation) in fair value of investments	(140,863)	253,004	78,460
	<u>238,824</u>	<u>330,174</u>	<u>166,974</u>
Total additions	<u>1,652,313</u>	<u>1,769,932</u>	<u>325,849</u>
Deductions from net position:			
Benefits	1,454,147	1,021,000	
Investment expenses	83,603		
Administrative expense	1,823		
Trust expenses			150,472
Total deductions	<u>1,539,573</u>	<u>1,021,000</u>	<u>150,472</u>
Change in net position	112,740	748,932	175,377
Net position, beginning of year	<u>14,679,057</u>	<u>5,316,560</u>	<u>4,859,227</u>
Net position, end of year	<u>\$ 14,791,797</u>	<u>\$ 6,065,492</u>	<u>\$ 5,034,604</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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, 2015

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 approximately 60% 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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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 2015, 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, 2015, 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	\$ 889,723
Grants not received within 60 days after year-end	<u>664,920</u>
Total deferred inflows	<u>\$ 1,554,643</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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:

For the fiscal year ended June 30, 2015, the Town adopted the provisions of Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 requires the liability of employers to employees for defined benefit pensions (net pension liability) to be measured and reported as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. In addition, GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses. As required by GASB 68, effective July 1, 2014, the Town recorded a net pension asset, a net pension liability, the necessary deferred outflows and inflows of resources, and the associated adjustment to expenses. Due to the adoption of GASB 68, the Town has restated its 2015 opening net position, resulting in a decrease in net position of \$17,936,181 at July 1, 2014. The decrease in beginning net position resulted from a \$527,211 net increase in assets, a \$799,522 increase in deferred outflows of resources, and a \$19,262,914 increase in liabilities. The adoption of GASB 68 decreased the net position for the fiscal year ended June 30, 2015 by \$860,500 due to pension expense.

Effective for the fiscal year ending June 30, 2016, the Town will be required to adopt the provisions of Statement No. 72 of the Governmental Accounting Standards Board, *Fair Value Measurement and Application* (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurement, and provides guidance for determining a fair value measurement for financial reporting purposes. In addition, GASB 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The effect of adopting GASB 72 on the Town's financial statements has not yet been determined.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

1. Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued):

Effective for the fiscal year ending June 30, 2018, the Town will be required to adopt the provisions of Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other postemployment benefits (OPEB) administered through trusts or equivalent arrangements. For defined benefit OPEBs, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 75 will require more extensive footnote disclosures in employer financial statements. The Town is currently evaluating the effects of GASB 75 on its financial statements.

Effective for the fiscal year ending June 30, 2017, the Town will be required to adopt the provisions of Statement No. 77 of the Governmental Accounting Standards Board, *Tax Abatement Disclosures* (GASB 77). GASB 77 will require more extensive footnote disclosures regarding tax abatement agreements entered into by the Town or another governmental entity that reduces the Town's tax revenues. The Town is currently evaluating the effects of GASB 77 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, 2015

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, 2015

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. Bond issuance costs are expensed as incurred.

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, 2015

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, 2015

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, 2015. 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	\$ 114,790
Planning Engineer	7,704
Recreation T-Shirts	2,362
Hazard Mitigation Plan Grant	2,488
CLG Building Study Grant	6,000
Emergency Dialers	205
FEMA Flood Awareness	8,683
Backflow Valve Project	109,838
Silver Creek	867
	<hr/>
	\$ 252,937

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

3. Cash, cash equivalents and investments:

Cash and cash equivalents (deposits):

At June 30, 2015, the carrying amount of the Town's deposits, excluding component units and including \$5,399,912 of cash equivalents, was \$14,891,482 and the bank balance was \$15,136,517. The carrying amount includes \$1,133,752 in fiduciary funds.

At June 30, 2015, the Town's deposits, including \$1,133,752 held in fiduciary funds, are categorized as follows:

	Insured/ collateralized in Town's name	Uninsured	Maturities	Total bank balance	Carrying amount
Deposits:					
Demand deposits	\$ 3,641,542	\$ 6,095,063		\$ 9,736,605	\$ 9,491,570
Repurchase agreements	246,092		7/1/2015	246,092	246,092
Money market	<u>502,818</u>	<u>4,651,002</u>		<u>5,153,820</u>	<u>5,153,820</u>
	<u>\$ 4,390,452</u>	<u>\$ 10,746,065</u>		<u>\$ 15,136,517</u>	<u>\$ 14,891,482</u>

The uninsured bank balance includes \$7,381,024 that was collateralized with securities held by the pledging financial institution, but not in the Town's name and \$3,365,041 that was uncollateralized.

At June 30, 2015, the carrying amount of the District's deposits was \$12,985,456 and the bank balance was \$14,250,219, of which \$250,000 was insured. The uninsured balance was collateralized with securities held by the pledging financial institution.

At September 30, 2015, the Committee's fiscal year-end, the carrying amount of the Committee's deposits was \$132,764 and the bank balance was \$132,303, all of which was insured.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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

Investments:

At June 30, 2015, the Town's investments (including \$23,826,992 held in fiduciary funds) are as follows:

Description	Fair value	Interest rate	Maturity	Rating
U.S. Government securities:				
United States Treasury Notes	\$ 531,811	2.375-7.25%	5/15/16-8/15/19	Aaa
Federal Home Loan Mortgage Corp.	137,526	5.125%	11/17/2017	Aaa
Federal National Mortgage Assn	147,582	5.25-6.25%	09/15/16-5/15/29	Aaa
Gov't Agency asset-backed trusts:				
Federal Home Loan Mortgage Corp Pool	4,232	5-5.5%	7/1/19-1/1/23	Aaa
Federal National Mortgage Assn Pool	14,551	2.31-6%	12/1/34-04/1/39	Aaa
Municipal taxable bonds				
	27,387	4.820%	5/1/2023	Aa1
	11,485	5.399%	12/1/2024	Aa2
	79,959	5.42-6.25%	01/1/28-10/1/28	Aa3
	15,487	4.020%	9/15/2023	A1
	24,767	2.180%	9/20/2021	Aaa
Corporate bonds				
	54,525	5.5-5.65%	2/22/16-5/15/18	A1
	29,635	5.750%	1/23/2017	Aa3
	321,961	5.375-8.75%	1/15/16-11/30/39	Baa1
	182,542	5-8.125%	6/1/17-2/1/20	Baa2
Common stocks	3,312,327	N/A	N/A	N/A
Bond mutual funds	8,383,628	N/A	N/A	N/A
Other mutual funds	15,034,294	N/A	N/A	N/A
	<u>\$ 28,313,699</u>			

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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, 2015, 8% of the Town's investments subject to credit risk were rated AAA, 7% were rated less than AAA, and 85% 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, 2015, 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, 2015

4. Interfund transactions:

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have sufficient resources to cover all costs with revenue generated by the fund at the time the cost is incurred, or as a matter of administrative convenience in terms of where cash is deposited and drawn from.

Interfund receivables and payables at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from:		
Governmental funds:	Governmental funds:	
General Fund	Capital Projects Fund	\$ 77,472
	Nonmajor funds	348,383
	Sewer fund	<u>36,556</u>
		<u>462,411</u>
Capital Projects Fund	General Fund	<u>3,844,540</u>
Nonmajor funds	Governmental funds:	
	General Fund	493,287
	Nonmajor funds	<u>2,406</u>
		<u>495,693</u>
Enterprise funds:	Governmental funds:	
Sewer	General Fund	<u>2,284,235</u>
		<u>\$ 7,086,879</u>

Advances to/from:

Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	<u>\$ 214,325</u>

Operating transfers between funds for the year ended June 30, 2015 were as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	\$ 129,378
	Capital Projects	851
	Enterprise funds:	
	Sewer	<u>75,000</u>
		205,229
Governmental funds:	Governmental funds:	
Capital Projects Fund	General Fund	272,042
Governmental funds:	Governmental funds:	
Nonmajor funds	General Fund	<u>5,304</u>
		<u>\$ 482,575</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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 were due on October 19, 2015 but has not been collected by the Town. The Town is currently renegotiating the terms of the note with Mosaico and will pursue payment. 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, 2015, \$224,750 was outstanding on the note.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

6. Capital assets:

	Beginning balances	Increases	Decreases	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,958,725		\$ 455,866	\$ 13,502,859
Construction in progress (see Note 12)	2,312,092	\$ 375,947	2,300,792	387,247
Total capital assets not being depreciated	16,270,817	375,947	2,756,658	13,890,106
Capital assets being depreciated:				
Buildings and improvements	26,186,103	3,244,555	-	29,430,658
Vehicles	6,651,512	426,038	61,752	7,015,798
Machinery and equipment	4,123,684	31,322	6,521	4,148,485
Infrastructure	30,729,289	87,679	-	30,816,968
Total capital assets being depreciated	67,690,588	3,789,594	68,273	71,411,909
Less accumulated depreciation for:				
Buildings and improvements	7,018,109	713,169	-	7,731,278
Vehicles	4,776,381	385,328	61,752	5,099,957
Machinery and equipment	1,953,279	244,281	9,345	2,188,215
Infrastructure	9,677,757	992,063	-	10,669,820
Total accumulated depreciation	23,425,526	2,334,841	71,097	25,689,270
Total capital assets being depreciated, net	44,265,062	1,454,753	(2,824)	45,722,639
Governmental activities capital assets, net	<u>\$ 60,535,879</u>	<u>\$ 1,830,700</u>	<u>\$ 2,753,834</u>	<u>\$ 59,612,745</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	810,278	-	-	810,278
Capital assets being depreciated:				
Sewer lines	50,671,181	157,785	-	50,828,966
Building and improvements	8,298,797	4,153,982		12,452,779
Equipment	1,689,543	45,000		1,734,543
Total capital assets being depreciated	60,659,521	4,356,767	-	65,016,288
Less accumulated depreciation for:				
Sewer lines	16,703,040	1,032,775	-	17,735,815
Building and improvements	1,176,460	450,201		1,626,661
Equipment	1,048,839	104,108		1,152,947
Total accumulated depreciation	18,928,339	1,587,084	-	20,515,423
Total capital assets being depreciated, net	41,731,182	2,769,683	-	44,500,865
Business-type activities capital assets, net	<u>\$ 42,541,460</u>	<u>\$ 2,769,683</u>	<u>\$ -</u>	<u>\$ 45,311,143</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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	\$ -	\$ 140,554	\$ 124,299
Capital assets being depreciated:				
Buildings and improvements	65,225,200	1,700,818	-	66,926,018
Equipment	1,356,506	723,765	14,259	2,066,012
Vehicles	300,959	-	33,232	267,727
Furniture	546,637	24,422	254,699	316,360
Total capital assets being depreciated	<u>67,429,302</u>	<u>2,449,005</u>	<u>302,190</u>	<u>69,576,117</u>
Less accumulated depreciation for:				
Buildings and improvements	32,136,125	2,676,528	-	34,812,653
Equipment	984,191	223,066	14,259	1,192,998
Vehicles	204,130	25,275	32,569	196,836
Furniture	223,959	31,636		255,595
Total accumulated depreciation	<u>33,548,405</u>	<u>2,956,505</u>	<u>46,828</u>	<u>36,458,082</u>
Total capital assets being depreciated, net	<u>33,880,897</u>	<u>(507,500)</u>	<u>255,362</u>	<u>33,118,035</u>
Component unit capital assets, net	<u>\$ 34,145,750</u>	<u>\$ (507,500)</u>	<u>\$ 395,916</u>	<u>\$ 33,242,334</u>

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 140,778
Public safety	790,167
Public works	897,190
Community services	506,706
	<u>\$ 2,334,841</u>

Business-type activities:

Sewer Fund	<u>\$ 1,587,084</u>
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Component unit:

Education	<u>\$ 2,956,505</u>
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TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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	\$ 807,749	\$ 53,404	\$ 304,000	\$ -	\$ 1,165,153
Capital Projects Fund	179,185				179,185
Nonmajor funds	60,505				60,505
Reconciliation of balances in fund financial statements to government- wide financial statements				311,943	311,943
	1,047,439	53,404	304,000	311,943	1,716,786
Business-type activities:					
Sewer	834,322	745	24,584	197,024	1,056,675
Total primary government	<u>\$ 1,881,761</u>	<u>\$ 54,149</u>	<u>\$ 328,584</u>	<u>\$ 508,967</u>	<u>\$ 2,773,461</u>
Component unit:					
Bristol Warren Regional School District	<u>\$ 2,054,115</u>	<u>\$ 83,205</u>	<u>\$ -</u>	<u>\$ 172,123</u>	<u>\$ 2,309,443</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

8. Long-term obligations and subsequent event:

Changes in long-term obligations during the year ended June 30, 2015 were as follows:

	Balance, June 30, 2014	Additions	Retirements	Balance, June 30, 2015	Due within one year
Governmental activities:					
Bonds and loan payable:					
Bonds and loan	\$ 29,723,684	\$ 7,640,000	\$ 7,384,417	\$ 29,979,267	\$ 1,868,621
Deferred issuance premiums	176,334	302,849	26,790	452,393	(32,511)
Less undrawn loan proceeds held by the State, available for road and bridge projects		(500,000)	(35,686)	(464,314)	
Total bonds and loan payable	29,900,018	7,442,849	7,375,521	29,967,346	1,836,110
Capital leases	565,483		102,065	463,418	105,877
Accrued compensated absences	2,894,484	73,281		2,967,765	415,531
Total long-term obligations	<u>\$ 33,359,985</u>	<u>\$ 7,516,130</u>	<u>\$ 7,477,586</u>	<u>\$ 33,398,529</u>	<u>\$ 2,357,518</u>
Business-type activities:					
Bonds and loans payable:					
Bonds and loans	\$ 27,378,972	\$ -	\$ 1,605,047	\$ 25,773,925	\$ 1,719,387
Less undrawn loan proceeds held by the State	(6,102,021)		(3,771,087)	(2,330,934)	
Total bonds and loans payable	21,276,951	-	(2,166,040)	23,442,991	1,719,387
Accrued compensated absences	377,714		5,765	371,949	57,864
Total long-term obligations	<u>\$ 21,654,665</u>	<u>\$ -</u>	<u>\$ (2,160,275)</u>	<u>\$ 23,814,940</u>	<u>\$ 1,777,251</u>
Component unit:					
General obligation debt	\$ 22,495,000	\$ -	\$ 2,095,000	\$ 20,400,000	\$ 2,165,000
Deferred amounts for issuance premiums	32,100		6,420	25,680	
Due to primary government	1,690,000		80,000	1,610,000	85,000
Accrued compensated absences	1,673,323		90,911	1,582,412	60,214
Total long-term obligations	<u>\$ 25,890,423</u>	<u>\$ -</u>	<u>\$ 2,272,331</u>	<u>\$ 23,618,092</u>	<u>\$ 2,310,214</u>

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

8. Long-term obligations and subsequent event (continued):

General obligation bonds, loans payable, and capital leases outstanding at June 30, 2015 are as follows:

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2014	New issues	Maturities	Balance, June 30, 2015
Governmental activities:								
General obligation bonds payable:								
Road, sidewalks and capital improvements	\$ 2,500,000	5/1/05	3.5-5%	5/1/2025	\$ 1,375,000		\$ 1,375,000	\$ -
Road and sidewalks	1,000,000	5/1/06	4-5.5%	5/1/2026	600,000		550,000	50,000
Sidewalks, fire/rescue building, open space, drainage	7,125,000	2/15/07	3.75-5%	2/15/2027	4,855,000		4,115,000	740,000
Library, Colt School, burial ground, roads, public safety, open space	12,210,000	2/18/09	2-4.375%	2/15/2029	10,090,000		480,000	9,610,000
Roads, open space, drainage	1,750,000	2/15/10	3-4%	2/15/2030	1,450,000		75,000	1,375,000
Refunding bond	1,700,000	2/15/10	1.7-2.9%	8/15/2019	815,000		205,000	610,000
Roads, public safety, open space, drainage	5,720,000	2/17/11	3-4.2%	2/15/2031	5,100,000		300,000	4,800,000
Animal Shelter	2,000,000	6/6/12	3.41000%	12/15/2027	1,866,667		133,333	1,733,334
Roads, public buildings, open space, recreation	2,560,000	11/20/13	3-4.0%	11/15/2033	2,560,000		40,000	2,520,000
Refunding bond (Series 05,06,07)	5,540,000	3/31/15	2-3.0%	2/15/2027	-	\$ 5,540,000	-	5,540,000
Capital Improvements Projects	1,600,000	3/31/15	2-3.25%	3/15/2035	-	1,600,000	-	1,600,000
Loans payable:								
RI Clean Water Finance Agency:								
Landfill	1,200,000	9/1/97	2.71700%	9/1/2017	308,108		73,206	234,902
Water pollution control Series 09A	1,000,000	10/9/09	.36-2.04%	9/1/2029	703,909		37,878	666,031
Road & Bridge Fund Loan Series 2015	500,000	5/14/15	1.75%	9/1/2034		500,000		500,000
Capital leases:								
Rescue truck	329,921	4/20/11	3.89%	4/20/2018	199,422		46,990	152,432
Recycling truck	170,202	5/6/13	2.97%	5/6/2017	102,061		33,016	69,045
Heavy rescue truck	264,000	7/29/13	3.67%	7/29/2023	264,000		22,059	241,941
	<u>\$ 47,169,123</u>				30,289,167	7,640,000	7,486,482	30,442,685
Less undrawn loan proceeds held by the State, available for road and bridge projects					-	(500,000)	35,686	(464,314)
					<u>\$ 30,289,167</u>	<u>\$ 7,140,000</u>	<u>\$ 7,522,168</u>	<u>\$ 29,978,371</u>

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

8. Long-term obligations and subsequent event (continued):

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2014	New issues	Maturities	Balance, June 30, 2015
Business-type activities:								
Enterprise Fund, Sewer:								
Loans payable:								
RI Clean Water Finance Agency:								
Water pollution control	\$ 3,700,000	8/25/99	2.82800%	9/1/2019	\$ 1,386,002	\$ -	\$ 215,199	\$ 1,170,803
Water pollution control	4,695,000	4/25/02	1.25450%	9/1/2022	2,455,662		241,632	2,214,030
Water pollution control	1,000,000	12/30/04	.95-1.525%	9/1/2024	592,000		49,000	543,000
Water pollution control	3,655,000	12/15/05	1.15-1.555%	9/1/2025	2,352,000		176,000	2,176,000
Water pollution control	3,700,000	12/21/06	1.205-1.385%	9/1/2027	2,722,000		173,000	2,549,000
Water pollution control	3,245,000	12/12/07	1.175-1.630%	9/1/2028	2,543,000		148,000	2,395,000
Water pollution control	2,600,000	10/9/09	.36-2.04%	9/1/2029	1,955,308		105,216	1,850,092
Water pollution control	3,970,000	6/24/10	.61-3.25%	9/1/2031	3,654,000		161,000	3,493,000
Water pollution control	3,070,000	3/29/11	.42-3.33%	9/1/2031	2,825,000		125,000	2,700,000
Water pollution control	2,395,000	6/28/12	.21-2.71%	9/1/2032	2,294,000		101,000	2,193,000
Water pollution control	2,600,000	6/6/13	.19-2.51%	9/1/2033	2,600,000		110,000	2,490,000
Water pollution control	2,000,000	4/21/14	.17-2.65%	9/1/2034	2,000,000		-	2,000,000
	<u>\$ 36,630,000</u>				27,378,972	-	1,605,047	25,773,925
Less undrawn loan proceeds held by the State, available for sewer projects					(6,102,021)	-	(3,771,087)	(2,330,934)
					<u>\$ 21,276,951</u>	<u>\$ -</u>	<u>\$ (2,166,040)</u>	<u>\$ 23,442,991</u>
Component unit:								
General obligation bonds payable:								
Schools	\$ 3,865,000	3/15/04	1.5-3.5%	9/1/2015	\$ 595,000	\$ -	\$ 300,000	\$ 295,000
Schools	1,700,000	6/27/06	4.0-5.0%	5/15/2026	1,185,000		75,000	1,110,000
Schools	8,900,000	5/16/07	4.0-5.0%	6/30/2027	6,625,000		375,000	6,250,000
Schools	12,200,000	5/14/08	2.5-5.0%	4/1/2028	9,605,000		505,000	9,100,000
Schools	8,430,000	3/28/09	2.0-5.0%	7/15/2018	4,485,000		840,000	3,645,000
	<u>\$ 35,095,000</u>				<u>\$ 22,495,000</u>	<u>\$ -</u>	<u>\$ 2,095,000</u>	<u>\$ 20,400,000</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

8. Long-term obligations and subsequent event (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, 2014 was \$2,779,444,157, limiting the amount of non-exempted general obligation bonds outstanding to \$83,383,324. At June 30, 2015, bonds outstanding, excluding component units, totaled \$28,578,334.

Refunding:

During March 2015, the Town issued refunding revenue bonds in the principal amount of \$5,540,000 at a premium of \$302,849. The proceeds were used to refund 100% of the outstanding balance of the 2005, substantially all of the outstanding balance of the 2006, and a partial portion of the 2007, general obligation bonds of the Town. The refunding bonds bear interest at rates ranging from 2% to 3% and mature on February 15, 2027. Cash flows to service the retiring debt totaled \$5,531,500 and cash flows to service the new debt and complete the refunding totaled \$5,887,849; a difference of \$356,349. The carrying amount of the retiring debt totaled \$5,495,000 and the reacquisition price relating to the refunding totaled \$5,782,017; a difference of \$287,017.

Subsequent event:

On August 31, 2015, the Town obtained a loan in the principal amount of \$2,500,000 due September 1, 2017 through September 1, 2035. Interest is owed at the market rate with a range of 0.68% to 3.95% but payable at a subsidized interest rate with a range of 0.45% to 2.63% in accordance with the loan agreement. Proceeds of the loan will be used for water pollution abatement projects within the Town.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

8. Long-term obligations and subsequent event (continued):

At June 30, 2015, 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:			
2016	\$ 1,974,498	\$ 1,183,156	\$ 3,157,654
2017	2,162,591	953,511	3,116,102
2018	2,193,861	904,444	3,098,305
2019	2,036,755	844,639	2,881,394
2020	2,053,682	785,637	2,839,319
2021-2025	10,391,591	2,914,520	13,306,111
2026-2030	8,079,706	1,093,702	9,173,408
2031-2035	<u>1,550,001</u>	<u>118,620</u>	<u>1,668,621</u>
	<u>\$ 30,442,685</u>	<u>\$ 8,798,229</u>	<u>\$ 39,240,914</u>
Business-type activities:			
2016	\$ 1,719,387	\$ 598,976	\$ 2,318,363
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	1,870,178	459,481	2,329,659
2021-2025	8,040,902	1,750,721	9,791,623
2026-2030	6,183,729	843,157	7,026,886
2031-2035	<u>2,587,000</u>	<u>142,718</u>	<u>2,729,718</u>
	<u>\$ 25,773,925</u>	<u>\$ 5,400,933</u>	<u>\$ 31,174,858</u>
Component unit:			
2016	\$ 2,165,000	\$ 865,547	\$ 3,030,547
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	1,210,000	555,144	1,765,144
2021-2025	6,925,000	1,899,162	8,824,162
2026-2029	<u>4,005,000</u>	<u>338,599</u>	<u>4,343,599</u>
	<u>\$ 20,400,000</u>	<u>\$ 5,781,839</u>	<u>\$ 26,181,839</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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, 2015 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 \$753,062 for the year ended June 30, 2015. 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 \$128,797 for the year ended June 30, 2015. 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.

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.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

9. Postemployment benefits (continued):

Covered participants:

As of July 1, 2014, the date of the latest available actuarial valuation, membership census is as follows:

Active employees	133
Retirees	81
Spouses of retirees	<u>43</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, 2015, and the Town's net OPEB asset as of June 30, 2015.

Annual required contribution	\$ 1,198,000
Interest on net OPEB asset	(22,952)
Adjustment to annual required contribution	<u>22,743</u>
Annual OPEB cost	1,197,791
Contributions made during the year	<u>1,251,682</u>
Increase in net OPEB asset	53,891
Net OPEB asset at beginning of year	<u>340,028</u>
Net OPEB asset at end of year	<u><u>\$ 393,919</u></u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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, 2013, 2014 and 2015 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>
2013	\$ 992,228	96.46%	\$ 337,216
2014	\$ 1,152,188	100.24%	\$ 340,028
2015	\$ 1,197,791	104.50%	\$ 393,919

Funded status and funding progress:

As of July 1, 2014, the funded status and funding progress were as follows:

Funded ratio	27.38%
Actuarial accrued liability for benefits	\$ 16,495,428
Actuarial value of assets	\$ 4,516,236
Unfunded actuarial accrued liability (UAAL)	\$ 11,979,192
Covered payroll	\$ 6,776,933
UAAL to covered payroll	176.76%

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, 2015

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, 2014
- 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 5.70% per year, decreasing to an ultimate rate of 4.40% per year over 77 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, 2015, 259 retirees received benefits under this plan.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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, 2015 and the District's net OPEB obligation as of June 30, 2015:

Normal cost	\$ 2,150,847
Amortization of UAAL	(340,448)
Interest	<u>176,687</u>
Annual required contribution	1,987,086
Contributions made during the year	<u>(1,705,844)</u>
Increase in net OPEB obligation	281,242
Net OPEB obligation at beginning of year	<u>3,533,731</u>
Net OPEB obligation at end of year	<u><u>\$ 3,814,973</u></u>

District contributions to the plan for the year ended June 30, 2015 represented 86% 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 (MERS), 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 2015 was \$7,209,356. Total Town payroll was \$9,650,402 for the same period.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension plans (continued):

Municipal Plan

Plan description:

The Municipal Plan is an agent multiple-employer public employee retirement system administered by the State. For the year ended June 30, 2015, covered payroll under the Municipal Plan totaled \$6,971,580 (including \$2,284,733 for police). As of June 30, 2015, 136 active employees (including 38 police and three firefighters) were participants in the Municipal Plan. The Town participates in three units of the Municipal Plan: General, Police, and Fire, representing the different classes of employees, with benefits specific to each unit.

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.

MERS issues a publicly available financial report (Pension Report) that includes financial statements and required supplementary information. This report may be obtained by accessing the ERSRI website at www.ersri.org.

Retirement eligibility and plan benefits:

General 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, 2015

10. Pension plans (continued):

Municipal Plan (continued):

The MERS also provides survivor's benefits and certain lump-sum death benefits.

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 five years of service and 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 general unit members contributed 15.35% of their compensation for the year ended June 30, 2015. Active police and fire unit members contributed 5.73% and 24.92% 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 general, police and fire members, respectively, for the year ended June 30, 2015. The Town contributed \$859,838 for the year ended June 30, 2015, which was 12.33% of annual covered payroll.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued):

Municipal Plan (continued):

Employees covered by benefit terms:

At the June 30, 2013 valuation date (the latest available) the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries	77	1	2
Inactive, nonretired members	17	2	0
Active members	<u>100</u>	<u>35</u>	<u>1</u>
Total	<u>194</u>	<u>38</u>	<u>3</u>

Actuarial methods and significant assumptions:

The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued):

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years at June 30, 2014
Investment rate of return	7.50%
Projected salary increases	General employees – 3.50% to 7.50%; Police & Fire Employees – 4.00% to 14.00%
Inflation	2.75%
Mortality, male employees	115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
Mortality, female employees	95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of living adjustments	COLA is equal to the average five year-fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement except for MERS Police & Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued)

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

The long-term expected rate of return best-estimate on Municipal Plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State of Rhode Island Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Medium-term expected real rate of return</u>
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real return	14%	3.85%
Real estate	8%	4.45%
Core fixed	15%	0.25%
Cash	3%	(0.50%)

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued)

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

The return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate:

The discount rate used to measure the total pension liability of the Municipal Plan was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Municipal Plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Municipal Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net pension liability (asset):

At June 30, 2015, the Town reported an asset and liability of \$1,207,919 and \$4,840,327, respectively, for its proportionate share of the net pension asset and liability related to the Municipal Plan. The net pension (asset) liability was measured as of June 30, 2014, the measurement date, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Town's proportion of the net pension asset was based on its share of contributions to the Municipal Plan for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued)

Municipal Plan (continued):

Net pension liability (asset) (continued):

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost-of-living increases will occur at four-year rather five-year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for State employees (determined on a funding basis) decreased from 57.4% to 56.1%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued):

Municipal Plan (continued):

Net pension liability (asset) (continued):

Changes in the net pension liability (asset) as of the measurement date are as follows:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Pension liability:			
Balance as of June 30, 2013	\$ 21,184,138	\$ 4,001,300	\$ 318,302
Changes for the year:			
Service cost	407,792	346,962	20,832
Interest on total pension liability	1,552,477	310,835	24,003
Changes in assumptions	(107,296)	(131,155)	(898)
Benefit payments, including employee refunds	<u>(1,376,683)</u>	<u>(60,617)</u>	<u>(17,366)</u>
Balance as of June 30, 2014	<u>21,660,428</u>	<u>4,467,325</u>	<u>344,873</u>
Fiduciary net position:			
Balance as of June 30, 2013	15,227,243	4,729,286	237,705
Employer contributions	700,353	84,143	15,026
Employee contributions	94,208	171,286	6,717
Net investment income	2,249,022	755,879	37,161
Benefit payments, including employee refunds	(1,376,683)	(60,617)	(17,366)
Administrative expense	(14,083)	(4,733)	(233)
Other changes	<u>5,903</u>	<u>1</u>	<u>1</u>
Balance as of June 30, 2014	<u>16,885,963</u>	<u>5,675,244</u>	<u>279,011</u>
Net pension liability (asset)	<u>\$ 4,774,465</u>	<u>\$ (1,207,919)</u>	<u>\$ 65,862</u>

Detailed information about the Municipal Plan's fiduciary net position is available in the separately issued Pension Report.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued):

Municipal Plan (continued):

Net pension liability (asset) (continued):

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

The following presents the net pension liability (asset) by employer unit calculated using the discount rate of 7.50%, as well as calculated using a discount rate that is 1 percentage-point lower and 1 percentage-point higher than the current rate.

	<u>1.00% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1.00% Increase (8.5%)</u>
General	\$ 7,083,399	\$ 4,774,465	\$ 2,465,592
Police	\$ (754,898)	\$ (1,207,919)	\$ (1,660,940)
Fire	\$ 102,151	\$ 65,862	\$ 29,573

Pension expense and deferred outflows of resources and deferred inflows of resources related to the Municipal Plan:

The Town reported deferred outflows of resources and inflows of resources from the following sources:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Deferred outflows, contributions after the measurement period	<u>\$ 704,206</u>	<u>\$ 130,915</u>	<u>\$ 42,717</u>	<u>\$ 859,838</u>
Deferred inflows:				
Differences in assumptions	\$ 84,708	\$ 122,135	\$ 741	\$ 207,584
Excess investment returns	<u>903,292</u>	<u>315,244</u>	<u>15,342</u>	<u>1,233,878</u>
	<u>\$ 988,000</u>	<u>\$ 437,379</u>	<u>\$ 16,083</u>	<u>\$ 1,441,462</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension Plans (continued):

Municipal Plan (continued):

Pension expense and deferred outflows of resources and deferred inflows of resources related to the Municipal Plan (continued):

Amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>
2016	\$ 248,411	\$ 87,831	\$ 3,993
2017	248,411	87,831	3,993
2018	248,411	87,831	3,993
2019	242,767	87,831	3,991
2020		9,020	113
Thereafter		77,035	
Total	<u>\$ 988,000</u>	<u>\$ 437,379</u>	<u>\$ 16,083</u>

Defined Contribution Plan:

Plan description:

Employees participating in the General and Police Units of the Municipal Plan, as described above, also participate in a defined contribution plan authorized by State of Rhode Island 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. Employees may choose among various investment options available to plan participants.

Employees in the General Unit contribute 5% of their annual covered salary and the employer contributes 1% of annual covered salary. Employees in the Police Unit contribute 3% of their annual covered salary and the employer contributes 1% of annual covered salary.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension plans (continued):

Defined Contribution Plan (continued):

Plan description (continued)

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Benefit terms and 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.

As previously indicated in the disclosure of recently enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

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

The Town of Bristol recognized pension expense for the defined contribution plan of \$114,443 for the fiscal year ended June 30, 2015.

Component Unit:

All District certified school personnel participate in the Employees' Retirement System of the State of Rhode Island (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, 2015, 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, 2015

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, 2015 was \$237,776.

Plan membership:

As of July 1, 2014, the actuarial valuation date for fiscal year 2016, employee membership data related to the Police Plan is as follows:

Inactive plan members or beneficiaries currently receiving benefits	45
Active plan members	<u>3</u>
Total	<u><u>48</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, 2015

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, 2015

10. Pension plans (continued):

Police Plan (continued):

Contributions:

Total contributions to the Police Plan during the year ended June 30, 2015 amounted to \$1,413,489, of which \$1,382,578 and \$30,911 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 581% 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.

Investment rate of return:

For the year ended June 30, 2015, the annual money-weighted rate of return on Police Plan investments, net of investment expense, was 1.06%. 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.

Actuarial assumptions:

The total pension liability was determined by actuarial valuations performed as of July 1, 2014 and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

The Town's contribution to the Police Plan was determined as part of the July 1, 2014 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, 2014 was 15 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 4.25% compounded annually and (c) inflation of 3.0%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Cash	0.50%
Intermediate-term bonds	1.52%
High yield bonds	4.00%
Non-U.S. Fixed Income	1.36%
Large Cap U.S. Equities	5.61%
Mid Cap U.S. Equities	6.36%
Developed Foreign Equities	6.02%
Emerging Market Equities	8.81%
Private Equity	9.15%
Real Estate (REITS)	4.43%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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 periods of projected benefit payments to determine the total pension liability.

Net pension liability:

Changes in the net pension liability for the year ended June 30, 2015, and the net pension liability as of June 30, 2015 is as follows:

Pension liability:

Balance as of June 30, 2014	\$ 27,703,704
Changes for the year:	
Service cost	101,544
Interest on the total pension liability	1,827,431
Effect of economic/demographic gains or losses	(58,497)
Benefit payments, including employee refunds	<u>(1,454,147)</u>
Balance as of June 30, 2015	28,120,035
Plan fiduciary net position as of June 30, 2015	<u>14,791,797</u>
Net pension liability	<u><u>\$ 13,328,238</u></u>

Plan fiduciary net position as a percentage of the total pension liability is 52.60%. The covered payroll (annual payroll of active participants) was \$237,776 and the ratio of the net pension liability to the covered payroll was 5605%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension plans (continued):

Police Plan (continued):

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%) and 1 percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net pension liability	\$ 17,444,511	\$ 13,328,238	\$ 10,102,929

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.

Deferred outflows of resources and deferred inflows of resources related to the Police Plan:

The employer reported deferred outflows of resources of \$667,364 relating to the net difference between projected and actual investment returns.

Amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 166,841
2017	166,841
2018	166,841
2019	<u>166,841</u>
Total	<u>\$ 667,364</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

10. Pension plans (continued):

Police Plan (continued):

Annual pension cost:

The actuarially determined employer contribution requirement of \$1,341,343 was determined as described above and was based on an actuarial valuation as of July 1, 2014. The contribution consists of normal cost plus past service costs and one year of interest at 6.75%.

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, 2015.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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 of Warren, Rhode Island (Warren) received favorable judgement in a lawsuit against the District to decrease Warren's allocable contribution, and increase the Town's allocable contribution, to the District for fiscal year 2015 by \$2,054,790. Further, Warren filed for reimbursement for previous years in the approximate amount of \$4,000,000, in which its allocable share of the District's budget was, allegedly, improperly calculated. The Town has filed an appeal and plans to rigorously defend this claim. It is reasonably possible that the Town will be responsible for the additional payments. No amounts for the potential liability have been recorded in the financial statements at June 30, 2015, or included in the fiscal year 2016 Town budget.

The Town is a defendant in various other 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.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

12. Commitments and contingencies (continued):

The Town is committed under construction contracts at June 30, 2015 as follows:

<u>Project</u>	<u>Contract</u>	<u>Spent to date</u>	<u>Remaining commitment</u>
Headworks and Miscellaneous Improvements	\$ 4,686,464	\$ 2,685,997	\$ 2,000,467
Mt. Hope Pumping Station Improvements	1,378,210	1,316,040	62,170
Tanyard Brook Phase II Design/Engineering	432,600	179,311	253,289
Maritime Center Construction Project	1,261,184	273,340	987,844
Road Paving Projects Design/Engineering	114,500	46,793	67,707
CLG Grant Building Feasibility Study	<u>10,000</u>	<u>6,000</u>	<u>4,000</u>
	<u>\$ 7,882,958</u>	<u>\$ 4,507,481</u>	<u>\$ 3,375,477</u>

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	\$ 36,927,475	\$ -	\$ 36,927,475	\$ 38,310,594	\$ 1,383,119
Intergovernmental	1,867,205		1,867,205	2,120,324	253,119
Licenses, permits and fees	2,331,223		2,331,223	2,275,824	(55,399)
Investment earnings	400,000		400,000	520,268	120,268
Other revenues	1,098,339		1,098,339	788,880	(309,459)
Total revenues	42,624,242	-	42,624,242	44,015,890	1,391,648
Expenditures:					
Current:					
General government	1,666,833	29,050	1,695,883	1,809,461	(113,578)
Public safety	5,323,982		5,323,982	5,223,749	100,233
Public works	4,317,820	18,400	4,336,220	4,672,518	(336,298)
Community services	1,335,623		1,335,623	1,436,745	(101,122)
Education	21,431,858		21,431,858	21,431,858	-
Payroll taxes and benefits	5,974,843		5,974,843	5,967,131	7,712
Debt service:					
Principal	1,991,483		1,991,483	3,241,483	(1,250,000)
Interest	1,212,800		1,212,800	1,163,552	49,248
Bond issuance costs	15,000		15,000	46,313	(31,313)
Fees and charges	5,000		5,000	3,100	1,900
Capital outlay	450,000	(272,042)	177,958	213,124	(35,166)
Total expenditures	43,725,242	(224,592)	43,500,650	45,209,034	(1,708,384)
Excess of expenditures over revenues, budgetary basis	<u>(1,101,000)</u>	<u>224,592</u>	<u>(876,408)</u>	<u>(1,193,144)</u>	<u>(316,736)</u>
Other financing sources (uses):					
Reappropriated fund balances:					
Capital project and operating carryforward		47,450	47,450	47,450	-
Unrestricted	1,000,000		1,000,000	-	(1,000,000)
Bonds issued				5,540,000	5,540,000
Bond premium				302,849	302,849
Bond refundings				(4,532,017)	(4,532,017)
Transfers from other funds	129,000		129,000	205,229	76,229
Transfers to other funds	(28,000)	(272,042)	(300,042)	(277,346)	22,696
Total other financing sources (uses)	1,101,000	(224,592)	876,408	1,286,165	409,757
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>93,021</u>	<u>\$ 93,021</u>
Adjustments of budgetary basis to U.S. GAAP basis				<u>(47,450)</u>	
Excess of expenditures and other financing uses over revenues and other financing sources, U.S. GAAP basis				45,571	
Fund balance, beginning of year				<u>10,641,183</u>	
Fund balance, end of year				<u>\$ 10,686,754</u>	

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON

YEAR ENDED JUNE 30, 2015

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	\$ 47,450
Unrestricted	-
	<hr/>
Total adjustments	<u>\$ 47,450</u>

Reappropriated fund equity excludes carry-forward amounts for capital expenditures that, effective July 1, 2015, 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	\$ 74,756
Financial Administration	28,259
Town Hall Complex	41,498
Animal Control	111
Library	29,332
Recreation	80,217
Public Works	166,876
Civic Services	173,648
Municipal Observances	2,663

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2015

<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>Police Plan</i>						
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%
July 1, 2014	13,838,972	27,686,705	13,847,733	49.98%	228,206	6068.08%
<i>OPEB Plan</i>						
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%
July 1, 2014	4,516,236	16,495,428	11,979,192	27.38%	6,776,933	176.76%

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30, 2015

Police Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 1,341,343	103.0%
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%

OPEB Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 1,198,000	104.5%
2013	\$ 997,000	96.0%
2011	\$ 897,000	98.6%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

Changes affecting the June 30, 2013 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, 2014 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, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 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, 2015

OPEB PLAN

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return and discount rate	6.75% per annum
Projected salary increases	4.25% per annum
Participation	All eligible retirees are assumed to elect medical and dental coverage
Health Care Cost Trend Rates	Medical 5.70% per year per year decreasing to an ultimate rate of 4.40% per year over 77 years

TOWN OF BRISTOL, RHODE ISLAND

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

LAST TEN YEARS *

	<u>2015</u>
Total pension liability:	
Service cost	\$ 101,544
Interest	1,827,431
Changes of benefit terms	-
Effect of economic/demographic gains or (losses)	(58,497)
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(1,454,147)</u>
Net change in total pension liability	416,331
Total pension liability, beginning of year	<u>27,703,704</u>
Total pension liability, end of year	<u>28,120,035</u>
Plan fiduciary net position:	
Contributions—employer	1,382,578
Contributions—member	30,911
Net investment income	155,221
Benefit payments, including refunds of member contributions	(1,454,147)
Administrative expense	(1,823)
Other	<u>-</u>
Net change in plan fiduciary net position	112,740
Plan fiduciary net position, beginning of year	<u>14,679,057</u>
Plan fiduciary net position, end of year	<u>14,791,797</u>
Net pension liability, end of year	<u>\$ 13,328,238</u>
Plan fiduciary net position as a percentage of the total pension liability	52.60%
Covered employee payroll	\$ 237,776
Net pension liability as a percentage of covered employee payroll	5605.38%
Actuarially determined contribution	\$ 1,341,343
Contributions in relation to the actuarially determined contribution	<u>1,382,578</u>
Contribution deficiency (excess)	<u>\$ (41,235)</u>
Contributions as a percentage of covered employee payroll	581.46%

* Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION –
POLICE PLAN SCHEDULE OF TOWN CONTRIBUTIONS

YEAR ENDED JUNE 30, 2015

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions Related to the Actuarially Determined Contribution	Contribution Deficiency (Excess)
2015	\$ 1,341,343	\$ 1,382,578	\$ (41,235)
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	\$ 770,003	\$ -
2009	\$ 640,220	\$ 735,650	\$ (95,430)
2008	\$ 620,203	\$ 789,598	\$ (169,395)
2007	\$ 540,519	\$ 634,905	\$ (94,386)
2006	\$ 438,015	\$ 230,447	\$ 207,568

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, 2014 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, 2015

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, 2015

Annual money-weighted rate of return, net of investment expenses	1.06%
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TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO MUNICIPAL EMPLOYEES' NET PENSION LIABILITY AND RELATED RATIOS

LAST TEN YEARS *

	2015		
	General Employees	Police	Fire
Total pension liability:			
Service cost	\$ 407,791	\$ 346,962	\$ 20,832
Interest	1,552,477	310,835	24,003
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or (losses)			
Differences between expected and actual experience	-	-	-
Changes of assumptions	(107,296)	(131,155)	(898)
Benefit payments, including refunds of member contributions	<u>(1,376,683)</u>	<u>(60,617)</u>	<u>(17,366)</u>
Net change in total pension liability	476,289	466,025	26,571
Total pension liability, beginning of year	<u>21,184,138</u>	<u>4,001,300</u>	<u>318,302</u>
Total pension liability, end of year	<u>21,660,427</u>	<u>4,467,325</u>	<u>344,873</u>
Plan fiduciary net position:			
Contributions—employer	700,353	84,143	15,026
Contributions—employee	94,208	171,286	6,717
Net investment income	2,249,022	755,879	37,161
Benefit payments, including refunds of member contributions	(1,376,683)	(60,617)	(17,366)
Administrative expense	(14,083)	(4,733)	(233)
Other	<u>5,903</u>	<u>-</u>	<u>1</u>
Net change in plan fiduciary net position	1,658,720	945,958	41,306
Plan fiduciary net position, beginning of year	<u>15,227,243</u>	<u>4,729,286</u>	<u>237,705</u>
Plan fiduciary net position, end of year	<u>16,885,963</u>	<u>5,675,244</u>	<u>279,011</u>
Net pension liability (asset), end of year	<u>\$ 4,774,464</u>	<u>\$ (1,207,919)</u>	<u>\$ 65,862</u>
Plan fiduciary net position as a percentage of the total pension	77.96%	127.04%	80.90%
Covered employee payroll	\$ 4,587,083	\$ 2,135,150	\$ 95,955
Net pension liability as a percentage of covered employee payroll	104.08%	-56.57%	68.64%
Actuarially determined contribution	\$ 700,353	\$ 84,143	\$ 15,026
Contributions in relation to the actuarially determined contribution	<u>700,353</u>	<u>84,143</u>	<u>15,026</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	15.27%	3.94%	15.66%

* Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.

TOWN OF BRISTOL, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
YEAR ENDED JUNE 30, 2015

Real estate and personal property taxes receivable:

Year	Balance, July 1, 2014	Current year assessment	Adjustments/ abatements	Amount to be collected	Collections	Balance, June 30, 2015
2015		\$ 37,948,094	\$ (170,315)	\$ 37,777,779	\$ 36,348,354	\$ 1,429,425
2014	\$ 1,614,349		74,607	1,688,956	1,489,289	199,667
2013	502,583		1,273	503,856	416,308	87,548
2012	84,609		1,644	86,253	24,779	61,474
2011	57,727		121	57,848	2,463	55,385
2010	29,234		2,198	31,432	484	30,948
2009	36,335		194	36,529	309	36,220
2008	35,915		-	35,915	359	35,556
2007	30,230		-	30,230	215	30,015
2006 and prior	77,515		-	77,515	825	76,690
	<u>\$ 2,468,497</u>	<u>\$ 37,948,094</u>	<u>\$ (90,278)</u>	<u>\$ 40,326,313</u>	<u>\$ 38,283,385</u>	2,042,928
				Less allowance for doubtful accounts		<u>487,800</u>
						<u>\$ 1,555,128</u>

TOWN OF BRISTOL, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2015

Schedule of most recent net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 3,216,556,028	\$ 42,008,222
Motor vehicles	136,989,476	2,376,767
Tangible personal	<u>53,886,600</u>	<u>703,759</u>
Total	3,407,432,104	45,088,748
Exemptions	<u>546,006,200</u>	<u>7,140,654</u>
Current year assessment	<u>\$ 2,861,425,904</u>	<u>\$ 37,948,094</u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 38,283,385
Revenue collected within 60 days subsequent to year ended June 30, 2015	<u>671,625</u>
	38,955,010
Prior year revenue received in current year	<u>(623,538)</u>
Current year real estate and personal property tax revenue	<u>\$ 38,331,472</u>