

TOWN OF BRISTOL, RHODE ISLAND
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

TOWN OF BRISTOL, RHODE ISLAND
FOR THE YEAR ENDED JUNE 30, 2016

Table of Contents

	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	12-13
Statement of activities	14
Fund financial statements:	
Balance sheet – governmental funds	15
Reconciliation of governmental funds balance sheet to statement of net position	16
Statement of revenues, expenditures and changes in fund balances – governmental funds	17
Reconciliation of governmental funds statement of revenues, expenditures and changes in fund balances to statement of activities	18
Statement of net position – proprietary fund	19
Statement of revenues, expenses and changes in net position – proprietary fund	20
Statement of cash flows – proprietary fund	21-22
Statement of fiduciary net position – fiduciary funds	23
Statement of changes in net position – fiduciary funds	24
Notes to basic financial statements	25-93

TOWN OF BRISTOL, RHODE ISLAND
FOR THE YEAR ENDED JUNE 30, 2016

Table of Contents (Continued)

	Page
Required supplementary information to financial statements:	
Budgetary comparison schedule – general fund	94-95
Schedule of funding progress	96
Schedule of employer contributions	97
Notes to required supplementary information	98-99
Schedule of changes to net pension liability and related ratios - Police Plan	100
Schedule of Town contributions - Police Plan	101-102
Schedule of investment return	103
Schedule of changes to net pension liability and related ratios - MERS	104-106
Schedule of changes to net pension liability and related ratios - ERS	107
Schedule of changes to net pension liability and related ratios - TSB	108
Other supplementary information:	
Tax collector’s annual report	109-110
Annual supplemental transparency report (MTP2)	111-114
Notes to supplementary information – annual supplemental transparency report (MTP2)	115-116



INDEPENDENT AUDITOR'S REPORT

To the 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, 2016, 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 25 percent, (65) 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.



Auditor's 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 4 through 11, and budgetary comparison schedule, and historical pension and other postemployment benefit information on pages 94 through 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Matters (Continued)

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 and annual supplemental transparency report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary tax collector's annual report and annual supplemental transparency report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary tax collector's annual report and annual supplemental transparency report are 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 27, 2016 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.

Citrin Cooperman & Company, LLP

Providence, Rhode Island
December 27, 2016

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

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, 2016.

Financial Highlights

- The assets of the Town exceeded its liabilities as of June 30, 2016 by \$52,812,541 (*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 \$9,659,464.
- As of June 30, 2016, the Town's governmental funds reported combined ending fund balances of \$16,968,428, a decrease of \$1,848,636 in comparison with the prior year, principally the result of capital and bonded projects completed during the year.
- As of June 30, 2016, the unassigned fund balance for the General Fund was \$7,621,420, or approximately 17% of total General Fund revenues.

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.

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).

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2016

Overview of the Financial Statements (Continued)

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 (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.

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 82 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.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2016

Overview of the Financial Statements (Continued)

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.

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 \$52,812,541 at June 30, 2016.

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Town of Bristol's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 21,476,343	\$ 23,413,304	\$ 2,987,892	\$ 2,893,684	\$ 24,464,235	\$ 26,306,988
Capital assets	61,451,202	59,612,745	46,179,013	45,311,143	107,630,215	104,923,888
Total assets	<u>82,927,545</u>	<u>83,026,049</u>	<u>49,166,905</u>	<u>48,204,827</u>	<u>132,094,450</u>	<u>131,230,876</u>
Deferred outflows of resources	2,577,844	1,808,183	-	-	2,577,844	1,808,183
Long-term liabilities	33,796,328	31,041,011	23,685,395	22,037,689	57,481,723	53,078,700
Other liabilities	21,752,227	22,277,785	2,340,872	2,833,926	24,093,099	25,111,711
Total liabilities	<u>55,548,555</u>	<u>53,318,796</u>	<u>26,026,267</u>	<u>24,871,615</u>	<u>81,574,822</u>	<u>78,190,411</u>
Deferred inflows of resources	284,931	1,441,462	-	-	284,931	1,441,462
Net position:						
Net investment in capital assets	33,812,712	32,597,627	21,093,082	21,868,152	54,905,794	54,465,779
Restricted	7,566,211	8,191,700			7,566,211	8,191,700
Unrestricted	<u>(11,707,020)</u>	<u>(10,715,353)</u>	<u>2,047,556</u>	<u>1,465,060</u>	<u>(9,659,464)</u>	<u>(9,250,293)</u>
Total net position	<u>\$ 29,671,903</u>	<u>\$ 30,073,974</u>	<u>\$ 23,140,638</u>	<u>\$ 23,333,212</u>	<u>\$ 52,812,541</u>	<u>\$ 53,407,186</u>

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less outstanding debt equals \$33,812,712. 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, 2016

Government-wide Financial Analysis (Continued)

Town of Bristol's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 2,280,543	\$ 2,321,806	\$ 5,189,472	\$ 5,086,708	\$ 7,470,015	\$ 7,408,514
Operating grants and contributions	542,051	365,684			542,051	365,684
Capital grants and contributions	1,409,986	585,212			1,409,986	585,212
General revenues:						
Property taxes	39,178,945	37,853,518			39,178,945	37,853,518
Grants and contributions not restricted to specific programs	2,815,885	2,525,053	22,347	42,151	2,838,232	2,567,204
Investment earnings	257,668	698,567	31,222	29,641	288,890	728,208
Miscellaneous	953,386	647,562			953,386	647,562
Total revenues	<u>47,438,464</u>	<u>44,997,402</u>	<u>5,243,041</u>	<u>5,158,500</u>	<u>52,681,505</u>	<u>50,155,902</u>
Expenses:						
General government	3,205,467	2,895,236			3,205,467	2,895,236
Public safety	9,028,196	8,355,814			9,028,196	8,355,814
Public works	7,685,629	7,360,316			7,685,629	7,360,316
Community services	3,002,736	2,965,419			3,002,736	2,965,419
Education	23,777,023	21,431,858			23,777,023	21,431,858
Interest on long-term debt	1,216,484	1,161,532			1,216,484	1,161,532
Sewer			5,360,615	4,802,983	5,360,615	4,802,983
Total expenses	<u>47,915,535</u>	<u>44,170,175</u>	<u>5,360,615</u>	<u>4,802,983</u>	<u>53,276,150</u>	<u>48,973,158</u>
Increase (decrease) in net position before transfers	(477,071)	827,227	(117,574)	355,517	(594,645)	1,182,744
Transfers	<u>75,000</u>	<u>75,000</u>	<u>(75,000)</u>	<u>(75,000)</u>	-	-
Increase (decrease) in net position	(402,071)	902,227	(192,574)	280,517	(594,645)	1,182,744
Net position, beginning 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>
Net position, end of year	<u>\$ 29,671,903</u>	<u>\$ 30,073,974</u>	<u>\$ 23,140,638</u>	<u>\$ 23,333,212</u>	<u>\$ 52,812,541</u>	<u>\$ 53,407,186</u>

Governmental Activities

Governmental activities decreased the Town's net position by \$402,071, principally as a result of accruing for the District legal settlement in the amount of \$1,406,103.

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Business-Type Activities

Business-type activities decreased the Town's net position by \$192,574, including a 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, 2016, the Town's governmental funds reported combined ending fund balances of \$16,968,428. Approximately 10%, or \$1,697,612, constitutes committed and assigned fund balances, which the Town Council has designated for specific purposes. Approximately 43%, or \$7,373,497, constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately 32%, or \$5,400,455, is restricted by outside parties to be used for specific purposes. The remaining 15%, or \$2,496,864, 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, 2016, the total fund balance of the General Fund was \$11,120,329, of which \$7,621,420 was unassigned. Unassigned fund balance represents approximately 17% of total General Fund revenues. Of the total fund balance, \$1,053,265 was assigned to meet fiscal year 2017 General Fund expenditures.

The fund balance of the General Fund increased by \$433,575 in fiscal year 2016. The fiscal year 2016 annual budget for the Town's General Fund identified the appropriation of \$149,200 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenditures for the year were \$358,446 more than budgeted and actual revenues exceeded budgeted revenues by \$931,221. Expenditures for education totaled \$22,370,920, accounting for roughly 50% of total General Fund expenditures.

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

Unrestricted net position of the Sewer Enterprise Fund at the end of the fiscal year amounted to \$2,047,556. 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 \$931,221, primarily as a result of higher than anticipated property tax collections and higher than anticipated State Aid. Actual expenditures for the year were \$358,446 more than budgeted.

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Town of Bristol's Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$107,630,215, 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, 2016, the Town is committed under construction contracts as follows:

Project	Contract	Spent to date	Remaining commitment
Headworks and Miscellaneous Improvements	\$ 4,933,607	\$ 4,748,072	\$ 185,535
Maritime Center Construction Project	1,564,080	1,522,636	41,444
Walley School Feasibility Study	14,000	6,694	7,306
Tanyard Brook Phase II: Design/Engineering	432,600	219,104	213,496
Road Paving Projects: Design/Engineering	114,550	41,963	72,587
Town Hall Renovations Design	58,825	28,405	30,420
Church Street Dock Expansion Design	116,500	33,248	83,252
Quinta-Gamelin Community Center Generator	88,675	-	88,675
LED Streetlight Conversion	484,728	-	484,728
Health Equity Zone Implementation	32,122	-	32,122
FEMA Flood Signage	22,300	-	22,300
Prudence Ferry Dock Design	71,650	66,502	5,148
	<u>\$ 7,933,637</u>	<u>\$ 6,666,624</u>	<u>\$ 1,267,013</u>

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2016

The Town of Warren, Rhode Island (Warren) received favorable judgment in a lawsuit against the District to decrease Warren's allocable contribution, and increase the Town's allocable contribution, to the District for the fiscal year ended June 30, 2016 in the amount of \$1,406,103, and to reallocate each Town's respective contribution for all future years. The Town has filed an appeal and plans to rigorously defend this claim. At June 30, 2016, a legal settlement of \$1,406,103 is accrued in long-term obligations due in more than one year on the statement of net position. It is reasonably possible that the Town will be responsible for additional payments. The Town did provide a contribution to the District in the fiscal year 2017 budget based on the court-mandated formula, pending appeal.

Long-term debt

On June 30, 2016, the Town has total bonded debt, loans and capital leases outstanding of \$53,915,249, of which \$26,825,001 is backed by the full faith and credit of the Town.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total equalized valuation. The current debt limitation for the Town is \$84,109,529, 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 2016 average unemployment rate for Bristol County, which includes the Town, is 4.7%. This compares with an unemployment rate of 5.5% for the State of Rhode Island and a national unemployment rate of 5.0%.
- \$1,000,000 of the General Fund fund balance was assigned to meet fiscal year 2017 General Fund expenditures.
- The Town's tax rate increased from \$14.03 to \$14.77 per thousand dollars of assessed value from the 2016 to the 2017 fiscal year. This was due primarily to increases in education aid.
- In fiscal year 2017, the Town budgeted for the increased appropriation to the District resulting from a lawsuit. As a result, the Town's contribution to the District increased by \$2,801,259, or 12.52%, to \$25,172,179 for fiscal year 2017.

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, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District	Bristol Fourth of July Committee (Unaudited)
ASSETS:					
Cash and cash equivalents	\$ 11,189,325	\$ -	\$ 11,189,325	\$ 11,046,424	\$ 121,848
Investments	5,165,913		5,165,913		
Accounts receivable, less allowance for doubtful accounts of \$475,650:					
Property taxes	1,381,979		1,381,979		
Federal and state government	2,378,345		2,378,345	1,033,074	
Assessments and user fees		267,369	267,369		
Other	524,919		524,919	1,000	
Internal balances	(2,414,731)	2,414,731	-		
Inventory	28,516		28,516		
Net OPEB asset	550,128		550,128		
Net pension asset:					
MERS Police Unit District	686,166		686,166	4,218,325	
Noncurrent assessments and user fees		305,792	305,792		
Notes receivable:					
Mosaico	460,783		460,783		
Component unit	1,525,000		1,525,000		
Capital assets not being depreciated	14,183,321	810,278	14,993,599	343,792	
Capital assets being depreciated, net	47,267,881	45,368,735	92,636,616	30,422,421	
Total assets	82,927,545	49,166,905	132,094,450	47,065,036	121,848
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on bond refunding, net	256,837	-	256,837	81,008	
Police Pension Plan	1,290,989		1,290,989		
State of Rhode Island Pension Plan	1,030,018		1,030,018	2,756,423	
Total deferred outflows of resources	2,577,844	-	2,577,844	2,837,431	
LIABILITIES:					
Accounts payable and accrued expenses	1,931,703	531,771	2,463,474	1,376,585	-
Unearned revenue	22,000		22,000		
OPEB obligation, net				4,219,880	
Net pension liabilities:					
MERS General and Fire Units	6,244,615		6,244,615		
Police Pension Plan District	13,553,909		13,553,909	43,952,196	
Note payable, primary government:					
Due within one year				90,000	
Due in more than one year				1,435,000	
Long-term obligations:					
Due within one year	2,784,969	1,809,101	4,594,070	2,059,213	
Due in more than one year	31,011,359	23,685,395	54,696,754	17,790,376	
Total liabilities	55,548,555	26,026,267	81,574,822	70,923,250	-
DEFERRED INFLOWS OF RESOURCES:					
Unearned income				23,460	
MERS	284,931	-	284,931	503,731	
	284,931	-	284,931	527,191	

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2016

	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	\$ 33,812,712	\$ 21,093,082	\$ 54,905,794	\$ 10,917,282	
Restricted for:					
Capital projects	1,401,184		1,401,184		
Other purposes:					
Expendable	3,411,326		3,411,326		
Nonexpendable	2,978,451		2,978,451		
Unrestricted	<u>(11,931,770)</u>	<u>2,047,556</u>	<u>(9,884,214)</u>	<u>(32,465,256)</u>	<u>\$ 121,848</u>
Total net position	<u>\$ 29,671,903</u>	<u>\$ 23,140,638</u>	<u>\$ 52,812,541</u>	<u>\$ (21,547,974)</u>	<u>\$ 121,848</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 3,205,467	\$ 740,988	\$ -	\$ 652,160	\$ (1,812,319)		\$ (1,812,319)	
Public safety	9,028,196	831,926	79,642	20,611	(8,096,017)		(8,096,017)	
Public works	7,685,629	546,310	392	653,971	(6,484,956)		(6,484,956)	
Community services	3,002,736	161,319	462,017	83,244	(2,296,156)		(2,296,156)	
Education	23,777,023				(23,777,023)		(23,777,023)	
Interest on long-term debt	1,216,484				(1,216,484)		(1,216,484)	
Total governmental activities	47,915,535	2,280,543	542,051	1,409,986	(43,682,955)		(43,682,955)	
Business-type activities:								
Sewer	5,360,615	5,189,472				\$ (171,143)	(171,143)	
Total primary government	<u>\$ 53,276,150</u>	<u>\$ 7,470,015</u>	<u>\$ 542,051</u>	<u>\$ 1,409,986</u>	<u>(43,682,955)</u>	<u>(171,143)</u>	<u>(43,854,098)</u>	
Component units:								
Bristol Warren Regional School District	\$ 63,202,574	\$ 1,818,514	\$ 57,421,920	\$ 30,922				\$ (3,931,218)
Bristol Fourth of July Committee (unaudited)	414,397	378,845	24,636					(10,916)
Total component units	<u>\$ 63,616,971</u>	<u>\$ 2,197,359</u>	<u>\$ 57,446,556</u>	<u>\$ 30,922</u>				<u>(3,942,134)</u>
General revenues:								
Property taxes					39,178,945		39,178,945	
Grants and contributions not restricted to specific programs					2,815,885	22,347	2,838,232	
Investment earnings					257,668	31,222	288,890	30,999
Miscellaneous					953,386		953,386	731,546
Transfers					75,000	(75,000)	-	
Total general revenues and transfers					43,280,884	(21,431)	43,259,453	762,545
Change in net position					(402,071)	(192,574)	(594,645)	(3,179,589)
Net position, beginning of year					30,073,974	23,333,212	53,407,186	(18,246,537)
Net position, end of year					<u>\$ 29,671,903</u>	<u>\$ 23,140,638</u>	<u>\$ 52,812,541</u>	<u>\$ (21,426,126)</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2016

ASSETS	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 10,491,921	\$ 258,007	\$ 439,397	\$ 11,189,325
Investments	1,279,779		3,886,134	5,165,913
Receivables:				
Property taxes, less allowance for doubtful accounts of \$475,650	1,381,979			1,381,979
Intergovernmental	1,245,261	673,878	459,206	2,378,345
Other	502,572		22,347	524,919
Due from other funds	1,462,994	2,180,667	525,377	4,169,038
Inventory	28,516			28,516
Advance to other fund	201,875			201,875
Notes receivable:				
Mosaico	236,033		224,750	460,783
Component unit	1,525,000			1,525,000
 Total assets	 <u>\$ 18,355,930</u>	 <u>\$ 3,112,552</u>	 <u>\$ 5,557,211</u>	 <u>\$ 27,025,693</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,274,093	\$ 61,027	\$ 81,862	\$ 1,416,982
Due to other funds	5,115,750	891,773	576,246	6,583,769
Advance from General Fund			201,875	201,875
Unearned revenue		15,000	7,000	22,000
 Total liabilities	 <u>6,389,843</u>	 <u>967,800</u>	 <u>866,983</u>	 <u>8,224,626</u>
Deferred inflows of resources	<u>845,758</u>	<u>559,378</u>	<u>427,503</u>	<u>1,832,639</u>
Fund balances:				
Nonspendable:				
Legally			577,617	577,617
Form	1,919,247		224,750	2,143,997
Restricted		1,467,424	3,708,281	5,175,705
Committed	526,397			526,397
Assigned	1,053,265	117,950		1,171,215
Unassigned	7,621,420		(247,923)	7,373,497
 Total fund balances	 <u>11,120,329</u>	 <u>1,585,374</u>	 <u>4,262,725</u>	 <u>16,968,428</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 18,355,930</u>	 <u>\$ 3,112,552</u>	 <u>\$ 5,557,211</u>	 <u>\$ 27,025,693</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2016

Total fund balances for governmental funds		\$ 16,968,428
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net	\$ 61,451,202	
Pension and OPEB assets	<u>1,236,294</u>	62,687,496
Deferred outflows:		
Deferred charge on bond refunding	256,837	
Police Pension Plan	1,290,989	
State of Rhode Island Pension Plan	<u>1,030,018</u>	2,577,844
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.		1,832,639
Liabilities not due and payable in the current period and therefore not reported in the funds:		
Bonds and notes payable	(28,420,190)	
Capital leases	(809,540)	
Legal settlement	(1,406,103)	
Compensated absences payable	(3,160,495)	
Accrued interest	<u>(514,721)</u>	(34,311,049)
Liabilities used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Pension liabilities		(19,798,524)
Deferred inflows:		
State of Rhode Island Pension Plan		<u>(284,931)</u>
Net position of governmental activities		<u>\$ 29,671,903</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 39,222,910			\$ 39,222,910
Intergovernmental	2,390,805	\$ 929,660	\$ 573,547	3,894,012
Licenses, permits and fees	2,531,355			2,531,355
Investment earnings (loss)	365,447	181	(107,960)	257,668
Other revenues	785,003	243,305	212,916	1,241,224
	<u>45,295,520</u>	<u>1,173,146</u>	<u>678,503</u>	<u>47,147,169</u>
Expenditures:				
Current:				
General government	1,716,703	23,205	12,499	1,752,407
Public safety	5,348,580	1,667	55,043	5,405,290
Public works	4,738,868	197,402	178,816	5,115,086
Community services	1,491,671	8,329	470,756	1,970,756
Education	22,370,920			22,370,920
Insurance, payroll taxes and benefits	6,058,090			6,058,090
Debt service:				
Principal	1,974,500			1,974,500
Interest	1,006,496			1,006,496
Bond issuance costs	8,270			8,270
Fees and charges	7,277			7,277
Capital outlay	164,242	3,953,618	103,099	4,220,959
	<u>44,885,617</u>	<u>4,184,221</u>	<u>820,213</u>	<u>49,890,051</u>
Excess (deficiency) of revenues over expenditures	<u>409,903</u>	<u>(3,011,075)</u>	<u>(141,710)</u>	<u>(2,742,882)</u>
Other financing sources (uses):				
Proceeds from sale of asset	10,000	3,299		13,299
Bond proceeds		353,946		353,946
Loan proceeds		452,001		452,001
Transfers from other funds	144,913	94,900	36,341	276,154
Transfers to other funds	(131,241)		(69,913)	(201,154)
	<u>23,672</u>	<u>904,146</u>	<u>(33,572)</u>	<u>894,246</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	433,575	(2,106,929)	(175,282)	(1,848,636)
Fund balances, beginning of year	<u>10,686,754</u>	<u>3,692,303</u>	<u>4,438,007</u>	<u>18,817,064</u>
Fund balances, end of year	<u>\$ 11,120,329</u>	<u>\$ 1,585,374</u>	<u>\$ 4,262,725</u>	<u>\$ 16,968,428</u>

See accompanying 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

FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances for governmental funds		\$ (1,848,636)
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	\$ 4,326,439	
Loss on disposal of capital assets	(93,368)	
Depreciation expense	<u>(2,394,614)</u>	1,838,457
Revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		277,996
OPEB and pension-related amounts recorded in the statement of activities, but not in the governmental		
Change in OPEB asset	156,209	
Change in pension asset	(521,753)	
Change in deferred outflows	793,805	
Change in pension liabilities	(1,629,959)	
Change in deferred inflows	<u>1,156,531</u>	(45,167)
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	1,868,621	
Issuance of general obligation bonds and loans payable, less undrawn proceeds held by the State	(353,946)	
Capital leases, net	(346,122)	
Amortization of premiums, discounts and deferred charges on refunding	<u>8,337</u>	1,176,890
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:		
Legal settlement	(1,406,103)	
Accrued compensated absences	(192,730)	
Accrued interest	<u>(202,778)</u>	<u>(1,801,611)</u>
Change in net position of governmental activities		<u>\$ (402,071)</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET POSITION – PROPRIETARY FUND

JUNE 30, 2016

ASSETS:

Current assets:

Assessments and user fees receivable	\$ 267,369
Due from other funds	<u>2,414,731</u>

Total current assets	2,682,100
----------------------	-----------

Noncurrent assets:

Assessments and user fees receivable, less current portion	305,792
Capital assets not being depreciated	810,278
Capital assets being depreciated, net	<u>45,368,735</u>

Total assets	<u>49,166,905</u>
--------------	-------------------

LIABILITIES:

Current liabilities:

Accounts payable and accrued expenses	531,771
Current portion of long-term debt	<u>1,809,101</u>

Total current liabilities	2,340,872
---------------------------	-----------

Noncurrent liabilities, long-term debt, net of current portion	<u>23,685,395</u>
--	-------------------

Total liabilities	<u>26,026,267</u>
-------------------	-------------------

NET POSITION:

Net investment in capital assets	21,093,082
Unrestricted	<u>2,047,556</u>

Total net position	<u><u>\$ 23,140,638</u></u>
--------------------	-----------------------------

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2016

Operating revenues:	
User fees	\$ 5,029,167
Other revenues	<u>160,305</u>
Total operating revenues	<u>5,189,472</u>
Operating expenses:	
Salaries and benefits	1,767,142
Materials and supplies	231,697
Repairs and maintenance	314,463
Depreciation	1,858,472
Utilities	428,304
Administrative	22,849
Miscellaneous	<u>139,676</u>
Total operating expenses	<u>4,762,603</u>
Operating income	<u>426,869</u>
Nonoperating revenues (expenses):	
Interest revenue	31,222
Interest expense	<u>(598,012)</u>
Total nonoperating revenues (expenses)	<u>(566,790)</u>
Loss before capital contributions and transfers	(139,921)
Capital contributions, sewer assessments	22,347
Transfers to other funds	<u>(75,000)</u>
Change in net position	(192,574)
Net position, beginning of year	<u>23,333,212</u>
Net position, end of year	<u><u>\$ 23,140,638</u></u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:	
Cash received from customers	\$ 5,056,253
Cash received from other sources	160,305
Cash paid for salaries and benefits	(1,705,942)
Cash paid to suppliers	<u>(1,586,366)</u>
Net cash provided by operating activities	<u>1,924,250</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	(75,000)
Interfund borrowings	<u>(130,496)</u>
Cash used in noncapital financing activities	<u>(205,496)</u>
Cash flows from capital and related financing activities:	
Capital contributions	31,549
Acquisition and construction of fixed assets	532,182
Bonds issued	-
Principal paid on bonds and notes	(1,719,387)
Interest paid on bonds and notes	<u>(594,320)</u>
Net cash used in capital and related financing activities	<u>(1,749,976)</u>
Cash provided by investing activities, interest received	<u>31,222</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</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)

FOR THE YEAR ENDED JUNE 30, 2016

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 426,869
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,858,472
Changes in assets and liabilities:	
Accounts receivable, user fees	27,086
Accrued compensated absences	36,616
Accounts payable and accrued expenses	<u>(424,793)</u>
Net cash provided by operating activities	<u>\$ 1,924,250</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>\$ 3,372,485</u>
Capital contributions from new sewer construction assessments receivable over twenty years	<u>\$ (22,347)</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS

JUNE 30, 2016

	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	\$ 242,014		\$ 625,322	\$ 205,313
Investments:				
Mutual funds - bond	4,569,911	\$ 798,833	1,075,464	
Mutual funds - other	8,829,314	4,745,564	909,852	
U.S. Government securities			212,301	
Common stock	880,199		1,363,685	
Corporate bonds			333,280	
Foreign corporate bonds			2,659	
Government agency asset-backed trusts			148,527	
Taxable municipal			150,173	
Cash surrender value of life insurance		1,058,301		
Receivables:				
Investment income			24,624	
Contributions, employer		58,654		
Other				290,638
Prepaid expenses	<u>130,272</u>			
Total assets	<u>14,651,710</u>	<u>6,661,352</u>	<u>4,845,887</u>	<u>\$ 495,951</u>
LIABILITIES:				
Accounts payable		90	6,000	
Deposits held in custody for others				<u>\$ 495,951</u>
Total liabilities		<u>90</u>	<u>6,000</u>	<u>\$ 495,951</u>
NET POSITION:				
Restricted for pension benefits	<u>\$ 14,651,710</u>			
Held in trust for other purposes		<u>\$ 6,661,262</u>	<u>\$ 4,839,887</u>	

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions to net position:			
Contributions:			
Employer	\$ 1,344,117	\$ 1,303,454	
Plan members	22,538	82,366	
Life policies		100,000	
Donors			\$ 158,875
	<u>1,366,655</u>	<u>1,485,820</u>	<u>158,875</u>
Investment income, net:			
Interest income	432,971	80,023	114,761
Net appreciation (depreciation) in fair value of investments	(368,548)	79,045	(170,583)
	<u>64,423</u>	<u>159,068</u>	<u>(55,822)</u>
Total additions	<u>1,431,078</u>	<u>1,644,888</u>	<u>103,053</u>
Deductions from net position:			
Benefits	1,510,403	1,049,118	
Investment expenses	58,892		
Administrative expense	1,870		
Trust expenses			297,770
Total deductions	<u>1,571,165</u>	<u>1,049,118</u>	<u>297,770</u>
Change in net position	(140,087)	595,770	(194,717)
Net position, beginning of year	<u>14,791,797</u>	<u>6,065,492</u>	<u>5,034,604</u>
Net position, end of year	<u>\$ 14,651,710</u>	<u>\$ 6,661,262</u>	<u>\$ 4,839,887</u>

See accompanying notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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 Governmental Accounting Standards Board (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)

JUNE 30, 2016

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)

JUNE 30, 2016

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)

JUNE 30, 2016

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)

JUNE 30, 2016

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)

JUNE 30, 2016

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)

JUNE 30, 2016

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 2016, 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, 2016, 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	\$ 845,758
Grants not received within 60 days after year-end	<u>986,881</u>
Total deferred inflows	<u>\$ 1,832,639</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Use of estimates:

The preparation of basic financial statements in conformity with U.S. GAAP 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.

Fair value measurements:

The Town categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset.

Recent accounting pronouncements:

Effective for the fiscal year ended June 30, 2016, the Town adopted the provisions of Statement No. 72 of the GASB, *Fair Value Measurement and Application* (GASB 72). GASB 72 describes how fair value should be defined and measured, the use of various valuation techniques, and the disclosures required to be made in the financial statements. The adoption of GASB 72 had no effect on the Town's net position at June 30, 2016 or its changes in net position for the year then ended.

Effective for the fiscal year ending June 30, 2018, the Town will be required to adopt the provisions of Statement No. 75 of the GASB, *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.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued):

Effective for the fiscal year ending June 30, 2017, the Town will be required to adopt the provisions of Statement No. 77 of the GASB, *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 reduce 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:

The Town's investment in a certificate of deposit is recorded at cost or amortized cost.

Investments, excluding certificates of deposits, 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)

JUNE 30, 2016

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 the price that would be paid to acquire an asset or liquidate a liability at the date of donation (acquisition value).

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)

JUNE 30, 2016

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)

JUNE 30, 2016

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)

JUNE 30, 2016

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, 2016. 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:

Backflow Valve Project	\$ 117,761
CDBG	98,932
FEMA Flood Awareness	13,049
Hazard Mitigation Plan Grant	7,463
Planning Engineer	4,647
Recreation T-Shirts	3,895
Health Equity Zone	2,177
	<hr/>
	\$ 247,924

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

3. Cash, cash equivalents and investments:

Cash and cash equivalents (deposits):

At June 30, 2016, the carrying amount of the Town's deposits, excluding component units and including \$7,969,633 of cash equivalents, was \$12,261,974 and the bank balance was \$12,963,294. The carrying amount includes \$1,072,649 in fiduciary funds.

At June 30, 2016, the Town's deposits, including \$1,072,649 held in fiduciary funds, are categorized as follows:

	Insured/ collateralized in Town's name	Uninsured	Maturity	Total bank balance	Carrying amount
Deposits:					
Demand deposits	\$ 5,044,278			\$ 5,044,278	\$ 4,292,341
Repurchase agreements	202,453		7/1/2016	202,453	151,836
Money market	<u>5,663,405</u>	<u>\$ 2,053,158</u>		<u>7,716,563</u>	<u>7,817,797</u>
	<u>\$ 10,910,136</u>	<u>\$ 2,053,158</u>		<u>\$ 12,963,294</u>	<u>\$ 12,261,974</u>

All of the uninsured bank balance was uncollateralized.

At June 30, 2016, the carrying amount of the District's deposits was \$11,046,424 and the bank balance was \$13,967,447, of which \$250,000 was insured. The uninsured balance was collateralized with securities held by the pledging financial institution.

At September 30, 2016, the Committee's fiscal year-end, the carrying amount of the Committee's deposits was \$159,507 and the bank balance was \$188,923, all of which was insured.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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

Investments are measured using the following inputs at June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government securities,				
United States Treasury Notes	\$ 423,066		\$ -	\$ 423,066
Gov't Agency asset-backed trusts:				
Federal Home Loan Mortgage Corp	135,407			135,407
Federal National Mortgage Assn Pool	160,575			160,575
Municipal taxable bonds	299,261			299,261
Corporate bonds		\$ 669,448		669,448
Common stocks	3,597,703			3,597,703
Bond mutual funds	7,511,892			7,511,892
Other mutual funds	15,387,996			15,387,996
Total investments by fair value level	<u>\$ 27,515,900</u>	<u>\$ 669,448</u>	<u>\$ -</u>	<u>\$ 28,185,348</u>
Certificate of deposit				<u>1,000,327</u>
Total				<u>\$ 29,185,675</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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

Investments:

At June 30, 2016, the Town's investments (including \$24,019,762 held in fiduciary funds) are as follows:

Description	Fair value	Interest rate	Maturity	Rating
U.S. Government securities, United States Treasury Notes	\$ 423,066	2.375-3.625%	5/15/16-1/15/17	Aaa
Gov't Agency asset-backed trusts:				
Federal Home Loan Mortgage Corp Pool	135,407	5-5.5%	11/17/17-1/1/23	Aaa
Federal National Mortgage Assn Pool	160,575	2.546-6.25%	09/15/16-4/1/39	Aaa
Municipal taxable bonds				
	51,998	4-4.82%	5/1/23-2/15/31	Aa1
	118,879	5.1-6.268%	12/1/24-5/1/41	Aa2
	58,122	5.85-6.25%	1/1/28-7/15/30	Aa3
	16,348	4.020%	9/15/23	A1
	28,179	6.875%	5/15/19	A3
	25,735	4.450%	03/15/27 - 2021	Not rated
Corporate bonds				
	154,147	2.2-2.25%	9/15/19-5/15/20	A1
	73,349	5.65-8.5%	5/15/18-3/15/19	A2
	71,844	2.875-7.875%	1/15/19-6/1/23	A3
	76,910	5-8.125%	2/1/17-2/15/19	Ba1
	246,686	5.375-8.75%	6/1/17-11/30/39	Baa1
	46,512	6-6.3%	9/15/16-9/15/17	Baa2
Certificate of deposit	1,000,327	0.750%	12/16/16	N/A
Common stocks	3,597,703	N/A	N/A	N/A
Bond mutual funds	7,511,892	N/A	N/A	N/A
Other mutual funds	15,387,996	N/A	N/A	N/A
	<u>\$ 29,185,675</u>			

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016, 8% of the Town's investments subject to credit risk were rated AAA, 10% were rated less than AAA, and 82% 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, 2016, the Town had a diversified portfolio with approximately 85% of investments held in stocks and mutual funds in a wide range of companies and various industries, enabling the Town to minimize its risk. The only single issuer of more than 5% of the Town's investments was the United States of America.

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)

JUNE 30, 2016

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, 2016, 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	\$ 891,773
	Nonmajor funds	<u>571,221</u>
		<u>1,462,994</u>
Capital Projects Fund	General Fund	<u>2,180,667</u>
Nonmajor funds	Governmental funds:	
	General Fund	520,352
	Nonmajor funds	<u>5,025</u>
		<u>525,377</u>
Enterprise funds:	Governmental funds:	
Sewer	General Fund	<u>2,414,731</u>
		<u>\$ 6,583,769</u>

Advances to/from:

Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	<u>\$ 201,875</u>

Operating transfers between funds for the year ended June 30, 2016, were as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	\$ 69,913
	Enterprise funds:	
	Sewer	<u>75,000</u>
		144,913
Governmental funds:	Governmental funds:	
Capital Projects Fund	General Fund	94,900
Governmental funds:	Governmental funds:	
Nonmajor funds	General Fund	<u>36,341</u>
		<u>\$ 276,154</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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 yet 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, 2016, \$224,750 was outstanding on the note.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

6. Capital assets:

	Beginning balances	Increases	Decreases	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,502,859	\$ 357,020	\$ 2,321	\$ 13,857,558
Construction in progress (see Note 12)	387,247	276,032	337,516	325,763
Total capital assets not being depreciated	13,890,106	633,052	339,837	14,183,321
Capital assets being depreciated:				
Buildings and improvements	29,430,658	1,746,783		31,177,441
Vehicles	7,015,798	797,463	802,463	7,010,798
Machinery and equipment	4,148,485	156,457	182,377	4,122,565
Infrastructure	30,816,968	1,330,200		32,147,168
Total capital assets being depreciated	71,411,909	4,030,903	984,840	74,457,972
Less accumulated depreciation for:				
Buildings and improvements	7,731,278	761,035	-	8,492,313
Vehicles	5,099,957	384,558	752,693	4,731,822
Machinery and equipment	2,188,215	240,902	141,100	2,288,017
Infrastructure	10,669,820	1,008,119	-	11,677,939
Total accumulated depreciation	25,689,270	2,394,614	893,793	27,190,091
Total capital assets being depreciated, net	45,722,639	1,636,289	91,047	47,267,881
Governmental activities capital assets, net	<u>\$ 59,612,745</u>	<u>\$ 2,269,341</u>	<u>\$ 430,884</u>	<u>\$ 61,451,202</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	50,828,966	57,660		50,886,626
Building and improvements	12,452,779	2,634,107	-	15,086,886
Equipment	1,734,543	34,575	-	1,769,118
Total capital assets being depreciated	65,016,288	2,726,342	-	67,742,630
Less accumulated depreciation for:				
Sewer lines	17,735,815	1,033,888	-	18,769,703
Building and improvements	1,626,661	727,133	-	2,353,794
Equipment	1,152,947	97,451	-	1,250,398
Total accumulated depreciation	20,515,423	1,858,472	-	22,373,895
Total capital assets being depreciated, net	44,500,865	867,870	-	45,368,735
Business-type activities capital assets, net	<u>\$ 45,311,143</u>	<u>\$ 867,870</u>	<u>\$ -</u>	<u>\$ 46,179,013</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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	\$ 124,299	\$ 264,853	\$ 45,360	\$ 343,792
Capital assets being depreciated:				
Buildings and improvements	66,926,018	258,879		67,184,897
Equipment	1,825,572	8,300		1,833,872
Vehicles	267,727	30,000		297,727
Furniture	316,360	5,328		321,688
Total capital assets being depreciated	<u>69,335,677</u>	<u>302,507</u>	<u>-</u>	<u>69,638,184</u>
Less accumulated depreciation for:				
Buildings and improvements	34,812,653	2,709,654		37,522,307
Equipment	952,558	207,563		1,160,121
Vehicles	196,836	55,275		252,111
Furniture	255,595	25,629		281,224
Total accumulated depreciation	<u>36,217,642</u>	<u>2,998,121</u>		<u>39,215,763</u>
Total capital assets being depreciated, net	<u>33,118,035</u>	<u>(2,695,614)</u>		<u>30,422,421</u>
Component unit capital assets, net	<u>\$ 33,242,334</u>	<u>\$ (2,430,761)</u>	<u>\$ 45,360</u>	<u>\$ 30,766,213</u>

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 146,543
Public safety	817,689
Public works	921,733
Community services	508,649
	<u>\$ 2,394,614</u>

Business-type activities:

Sewer Fund	<u>\$ 1,858,472</u>
------------	---------------------

Component unit:

Education	<u>\$ 2,998,121</u>
-----------	---------------------

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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	\$ 730,044	\$ 100,876	\$ 443,173	\$ -	\$ 1,274,093
Capital Projects Fund	61,027				61,027
Nonmajor funds	81,862				81,862
Reconciliation of balances in fund financial statements to government- wide financial statements				514,721	514,721
	872,933	100,876	443,173	514,721	1,931,703
Business-type activities:					
Sewer	330,384	671	-	200,716	531,771
Total primary government	<u>\$ 1,203,317</u>	<u>\$ 101,547</u>	<u>\$ 443,173</u>	<u>\$ 715,437</u>	<u>\$ 2,463,474</u>
Component unit:					
Bristol Warren Regional School District	<u>\$ 1,225,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,679</u>	<u>\$ 1,376,585</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

8. Long-term obligations:

Changes in long-term obligations during the year ended June 30, 2016 were as follows:

	Balance, June 30, 2015	Additions	Retirements	Balance, June 30, 2016	Due within one year
Governmental activities:					
Bonds and loan payable:					
Bonds and loan	\$ 29,979,267	\$ 1,175,000	\$ 1,868,621	\$ 29,285,646	\$ 2,114,871
Deferred issuance premiums	452,393		32,481	419,912	(32,511)
Less undrawn loan proceeds	<u>(464,314)</u>	<u>(1,175,000)</u>	<u>(353,946)</u>	<u>(1,285,368)</u>	
Total bonds and loan payable	<u>29,967,346</u>	<u>-</u>	<u>1,547,156</u>	<u>28,420,190</u>	<u>2,082,360</u>
Capital leases	463,418	512,032	105,879	869,571	182,852
Less undrawn loan proceeds	<u>-</u>	<u>(512,032)</u>	<u>(452,001)</u>	<u>(60,031)</u>	
Total capital leases	<u>463,418</u>	<u>-</u>	<u>(346,122)</u>	<u>809,540</u>	<u>182,852</u>
Legal settlement	<u>-</u>	<u>1,406,103</u>	<u>-</u>	<u>1,406,103</u>	<u>-</u>
Accrued compensated absences	<u>2,967,765</u>	<u>192,730</u>	<u>-</u>	<u>3,160,495</u>	<u>519,757</u>
Total long-term obligations	<u>\$ 33,398,529</u>	<u>\$ 1,598,833</u>	<u>\$ 1,201,034</u>	<u>\$ 33,796,328</u>	<u>\$ 2,784,969</u>
Business-type activities:					
Bonds and loans payable:					
Bonds and loans	\$ 25,773,925	\$ 5,000,000	\$ 1,719,387	\$ 29,054,538	\$ 1,753,008
Less undrawn loan proceeds held by the State	<u>(2,330,934)</u>	<u>(5,000,000)</u>	<u>(3,362,327)</u>	<u>(3,968,607)</u>	
Total bonds and loans payable	<u>23,442,991</u>	<u>-</u>	<u>(1,642,940)</u>	<u>25,085,931</u>	<u>1,753,008</u>
Accrued compensated absences	<u>371,949</u>	<u>36,616</u>	<u>-</u>	<u>408,565</u>	<u>56,093</u>
Total long-term obligations	<u>\$ 23,814,940</u>	<u>36,616</u>	<u>\$ (1,642,940)</u>	<u>\$ 25,494,496</u>	<u>\$ 1,809,101</u>
Component unit:					
General obligation debt	\$ 20,400,000	\$ -	\$ 2,165,000	\$ 18,235,000	\$ 1,945,000
Deferred amounts for issuance premiums	25,680		6,420	19,260	6,420
Due to primary government	1,610,000		85,000	1,525,000	90,000
Accrued compensated absences	<u>1,582,412</u>	<u>12,917</u>	<u>-</u>	<u>1,595,329</u>	<u>107,793</u>
Total long-term obligations	<u>\$ 23,618,092</u>	<u>\$ 12,917</u>	<u>\$ 2,256,420</u>	<u>\$ 21,374,589</u>	<u>\$ 2,149,213</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

8. Long-term obligations (continued):

General obligation bonds, loans payable, and capital leases outstanding at June 30, 2016 are as follows:

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2015	New issues	Maturities	Balance, June 30, 2016
Governmental activities:								
General obligation bonds payable:								
Road and sidewalks	1,000,000	5/1/06	4-5.5%	5/1/2026	\$ 50,000		\$ 50,000	\$ -
Sidewalks, fire/rescue building, open space, drainage	7,125,000	2/15/07	3.75-5%	2/15/2027	740,000		370,000	370,000
Library, Colt School, burial ground, roads, public safety, open space	12,210,000	2/18/09	2-4.375%	2/15/2029	9,610,000		505,000	9,105,000
Roads, open space, drainage	1,750,000	2/15/10	3-4%	2/15/2030	1,375,000		75,000	1,300,000
Refunding bond	1,700,000	2/15/10	1.7-2.9%	8/15/2019	610,000		150,000	460,000
Roads, public safety, open space, drainage	5,720,000	2/17/11	3-4.2%	2/15/2031	4,800,000		300,000	4,500,000
Animal Shelter	2,000,000	6/6/12	3.41000%	12/15/2027	1,733,334		133,333	1,600,001
Roads, public buildings, open space, recreation	2,560,000	11/20/13	3-4.0%	11/15/2033	2,520,000		90,000	2,430,000
Refunding bond (Series 05,06,07)	5,540,000	3/31/15	2-3.0%	2/15/2027	5,540,000		80,000	5,460,000
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	234,902		75,696	159,206
Water pollution control Series 09A	1,000,000	10/9/09	.36-2.04%	9/1/2029	666,031		38,592	627,439
Road & Bridge Fund Loan Series 2015	500,000	5/14/15	1.75%	9/1/2034	500,000		1,000	499,000
Road & Bridge Fund Loan Series 2016	1,175,000	4/19/16	.33-2.717%	9/1/2035	-	\$ 1,175,000		1,175,000
Capital leases:								
Rescue truck	329,921	4/20/11	3.89%	4/20/2018	152,432		48,851	103,581
Recycling truck	170,202	5/6/13	2.97%	5/6/2017	69,045		34,010	35,035
Heavy rescue truck	264,000	7/29/13	3.67%	7/29/2023	241,941		23,018	218,923
Public Works Pooled Equipment	512,032	1/22/16	1.90%	1/22/2023	-	512,032		512,032
	<u>\$ 46,356,155</u>				30,442,685	1,687,032	1,974,500	30,155,217
Less undrawn loan proceeds held by the State, available for road and bridge projects					(464,314)	(1,687,032)	(805,947)	(1,345,399)
					<u>\$ 29,978,371</u>	<u>\$ -</u>	<u>\$ 1,168,553</u>	<u>\$ 28,809,818</u>

(continued)

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

8. Long-term obligations (continued):

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2015	New issues	Maturities	Balance, June 30, 2016
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	\$ 1,170,803		\$ 221,285	\$ 949,518
Water pollution control	4,695,000	4/25/02	1.25450%	9/1/2022	2,214,030		248,902	1,965,128
Water pollution control	1,000,000	12/30/04	.95-1.525%	9/1/2024	543,000		50,000	493,000
Water pollution control	3,655,000	12/15/05	1.15-1.555%	9/1/2025	2,176,000		179,000	1,997,000
Water pollution control	3,700,000	12/21/06	1.205-1.385%	9/1/2027	2,549,000		176,000	2,373,000
Water pollution control	3,245,000	12/12/07	1.175-1.630%	9/1/2028	2,395,000		150,000	2,245,000
Water pollution control	2,600,000	10/9/09	.36-2.04%	9/1/2029	1,850,092		107,200	1,742,892
Water pollution control	3,970,000	6/24/10	.61-3.25%	9/1/2031	3,493,000		164,000	3,329,000
Water pollution control	3,070,000	3/29/11	.42-3.33%	9/1/2031	2,700,000		127,000	2,573,000
Water pollution control	2,395,000	6/28/12	.21-2.71%	9/1/2032	2,193,000		102,000	2,091,000
Water pollution control	2,600,000	6/6/13	.19-2.51%	9/1/2033	2,490,000		111,000	2,379,000
Water pollution control	2,000,000	4/21/14	.17-2.65%	9/1/2034	2,000,000		83,000	1,917,000
Water pollution control	2,500,000	8/19/15	.59-2.59%	9/1/1935		\$ 2,500,000		2,500,000
Water pollution control	2,500,000	6/2/16	.31-2.24%	9/1/1935		2,500,000		2,500,000
	<u>\$ 41,630,000</u>				25,773,925	5,000,000	1,719,387	29,054,538
Less undrawn loan proceeds held by the State, available for sewer projects					(2,330,934)	(5,000,000)	(3,362,327)	(3,968,607)
					<u>\$ 23,442,991</u>	<u>\$ -</u>	<u>\$ (1,642,940)</u>	<u>\$ 25,085,931</u>
Component unit:								
General obligation bonds payable:								
Schools	\$ 3,865,000	3/15/04	1.5-3.5%	9/1/2015	\$ 295,000	\$ -	\$ 295,000	\$ -
Schools	1,700,000	6/27/06	4.0-5.0%	5/15/2026	1,110,000		80,000	1,030,000
Schools	8,900,000	5/16/07	4.0-5.0%	6/30/2027	6,250,000		395,000	5,855,000
Schools	12,200,000	5/14/08	2.5-5.0%	4/1/2028	9,100,000		530,000	8,570,000
Schools	8,430,000	3/28/09	2.0-5.0%	7/15/2018	3,645,000		865,000	2,780,000
	<u>\$ 35,095,000</u>				<u>\$ 20,400,000</u>	<u>\$ -</u>	<u>\$ 2,165,000</u>	<u>\$ 18,235,000</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

8. Long-term obligations (continued):

General obligation bonds and loans payable:

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

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2015 was \$2,803,650,962, limiting the amount of non-exempted general obligation bonds outstanding to \$84,109,529. At June 30, 2016, bonds outstanding, excluding component units, totaled \$26,825,001.

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 general obligation bonds of the Town under a current refunding, and substantially all of the outstanding balance of the 2006 and a partial portion of the 2007 general obligation bonds of the Town under an advance refunding. At June 30, 2016, \$3,745,000 was outstanding on the 2007 advance refunded bond.

Refinancing:

During May 2016, the Rhode Island Infrastructure Bank (RIIB) refunded certain of its bonds outstanding at a lower interest rate. The Town has loans outstanding to the RIIB which were issued using the proceeds of the bonds the RIIB refunded. The RIIB is passing the interest savings onto the Town via "refund savings credits" to be applied against interest due on the related loans outstanding over the remaining life of the loans. Interest payments on the Town's schedule of annual debt service requirements have been reduced for the "refund savings credits" applied in accordance with revised amortization schedules provided to the Town by RIIB.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

8. Long-term obligations(continued):

At June 30, 2016, 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:			
2017	\$ 2,297,723	\$ 994,205	\$ 3,291,928
2018	2,329,011	938,017	3,267,028
2019	2,171,905	875,055	3,046,960
2020	2,188,832	813,844	3,002,676
2021	2,160,533	749,494	2,910,027
2022-2026	10,854,173	2,645,586	13,499,759
2027-2031	6,934,040	841,326	7,775,366
2032-2036	1,219,000	85,940	1,304,940
	<u>\$ 30,155,217</u>	<u>\$ 7,943,467</u>	<u>\$ 38,098,684</u>
Business-type activities:			
2017	\$ 1,753,008	\$ 615,956	\$ 2,368,964
2018	2,014,142	629,193	2,643,335
2019	2,053,579	606,263	2,659,842
2020	2,097,178	564,058	2,661,236
2021	1,886,083	520,924	2,407,007
2022-2026	9,068,298	2,002,505	11,070,803
2027-2031	6,911,250	969,795	7,881,045
2032-2036	3,271,000	185,473	3,456,473
	<u>\$ 29,054,538</u>	<u>\$ 6,094,167</u>	<u>\$ 35,148,705</u>
Component unit:			
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	1,265,000	500,200	1,765,200
2022-2026	7,240,000	1,582,950	8,822,950
2027-2031	2,425,000	154,613	2,579,613
	<u>\$ 18,235,000</u>	<u>\$ 4,916,294</u>	<u>\$ 23,151,294</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016 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 \$772,074 for the year ended June 30, 2016. 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 \$135,712 for the year ended June 30, 2016. 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)

JUNE 30, 2016

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 asset:

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, 2016, and the Town's net OPEB asset as of June 30, 2016.

Annual required contribution	\$ 1,118,413
Interest on net OPEB asset	(26,590)
Adjustment to annual required contribution	<u>27,121</u>
Annual OPEB cost	1,118,944
Contributions made during the year	<u>1,275,153</u>
Increase in net OPEB asset	156,209
Net OPEB asset at beginning of year	<u>393,919</u>
Net OPEB asset at end of year	<u><u>\$ 550,128</u></u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

9. Postemployment benefits (continued):

Annual OPEB cost and net OPEB asset (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 and for the years ended June 30, 2014, 2015 and 2016 are as follows:

Year ended June 30,	OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB asset
2014	\$ 1,152,188	100.24%	\$ 340,028
2015	\$ 1,197,791	104.50%	\$ 393,919
2016	\$ 1,118,944	113.96%	\$ 550,128

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)

JUNE 30, 2016

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, 2016, 284 retirees received benefits under this plan.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016, and the District's net OPEB obligation as of June 30, 2016:

Normal cost	\$ 1,975,248
Amortization of UAAL	(385,404)
Interest	<u>190,749</u>
Annual required contribution	1,780,593
Contributions made during the year	<u>(1,375,686)</u>
Increase in net OPEB obligation	404,907
Net OPEB obligation at beginning of year	<u>3,814,973</u>
Net OPEB obligation at end of year	<u><u>\$ 4,219,880</u></u>

District contributions to the plan for the year ended June 30, 2016, represented 77% 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 2016 was \$7,302,398. Total Town payroll was \$10,080,541 (including \$325,370 of reimbursable police details) for the same period.

Eligible District employees participate in either the MERS plan or the Employees' Retirement System Teacher Employer Units Defined Benefit Pension Plan (ERS). Total covered payroll during 2016 was \$3,887,729 under the MERS and \$20,544,729 under the ERS.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016, covered payroll under the Municipal Plan totaled \$7,129,030 (including \$2,236,906 for police). As of June 30, 2016, 132 active employees (including 38 police and one firefighter) 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)

JUNE 30, 2016

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 2.00% - 9.25% of their compensation for the year ended June 30, 2016. Active police and fire unit members contributed 10% and 9% 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 14.95%, 5.84% and 24.92% of compensation for general, police and fire members, respectively, for the year ended June 30, 2016. The Town contributed \$868,337 for the year ended June 30, 2016, which was 12.18% of annual covered payroll.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Municipal Plan (continued):

Employees covered by benefit terms:

At the June 30, 2015, measurement 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	78	1	2
Active members	<u>95</u>	<u>34</u>	<u>2</u>
Total	<u><u>173</u></u>	<u><u>35</u></u>	<u><u>4</u></u>

Actuarial methods and significant assumptions:

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2015
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)

JUNE 30, 2016

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, 2015, expected arithmetic returns over the long 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>Long-term expected real rate of return</u>
Global Equity	38.0%	
U.S. Equity		6.93%
International Developed		7.32%
International Emerging Markets		9.52%
Private Equity	7.0%	9.99%
Equity Hedge funds	8.0%	3.98%
Absolute return hedge	7.0%	3.98%
Infrastructure	3.0%	5.70%
Other real return assets:	14%	3.85%
Master limited partnerships		4.51%
Credit		4.51%
Inflation Linked Bonds		1.24%
Real estate	8.0%	4.85%
Cash	3.0%	7.80%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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.

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, 2016, the Town reported an asset and liability of \$686,166 and \$6,244,615, respectively, for its proportionate share of the net pension asset and liability related to the Municipal Plan. The total net pension (asset) liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, the measurement date. The Town's proportion was based on its share of contributions to the Municipal Plan for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued)

Municipal Plan (continued):

Net pension liability (asset) (continued):

Subsequent to June 30, 2014, 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, 2015 (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, 2016 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, 2014 rolled forward to June 30, 2015. 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)

JUNE 30, 2016

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, 2014	\$ 21,660,428	\$ 4,467,325	\$ 344,873
Changes for the year:			
Service cost	382,606	376,752	21,582
Interest on total pension liability	1,584,867	345,620	26,024
Changes in assumptions	367,127	424,342	(277)
Difference between expected and actual experience of total pension liability	264,406	(175,622)	(8,922)
Benefit payments, including employee refunds	<u>(1,440,330)</u>	<u>(94,878)</u>	<u>(17,357)</u>
Balance as of June 30, 2015	<u>22,819,104</u>	<u>5,343,539</u>	<u>365,923</u>
Fiduciary net position:			
Balance as of June 30, 2014	16,885,963	5,675,244	279,011
Employer contributions	704,196	130,914	24,717
Employee contributions	103,047	182,779	10,320
Net investment income	389,878	141,307	7,122
Benefit payments, including employee refunds	(1,440,330)	(94,878)	(17,357)
Administrative expense	(15,778)	(5,663)	(286)
Other changes	<u>9,534</u>	<u>2</u>	<u>375</u>
Balance as of June 30, 2015	<u>16,636,510</u>	<u>6,029,705</u>	<u>303,902</u>
Net pension liability (asset)	<u>\$ 6,182,594</u>	<u>\$ (686,166)</u>	<u>\$ 62,021</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)

JUNE 30, 2016

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	\$ 8,615,256	\$ 6,182,594	\$ 4,191,332
Police	\$ (141,320)	\$ (686,166)	\$ (1,131,946)
Fire	\$ 100,486	\$ 62,021	\$ 30,541

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	\$ 721,882	\$ 130,635	\$ 15,820	\$ 868,337
Differences in assumptions	(62,120)			(62,120)
Excess investment returns	4,606			4,606
Differences between expected and actual experience	<u>219,195</u>			<u>219,195</u>
	<u>\$ 883,563</u>	<u>\$ 130,635</u>	<u>\$ 15,820</u>	<u>\$1,030,018</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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):

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Deferred inflows:				
Differences in assumptions	\$ -	\$ 113,115	\$ 584	\$ 113,699
Excess investment returns		2,569	(70)	2,499
Differences between expected and actual experience		<u>162,140</u>	<u>6,593</u>	<u>168,733</u>
	<u>\$ -</u>	<u>\$ 277,824</u>	<u>\$ 7,107</u>	<u>\$ 284,931</u>

Amounts reported as deferred outflows and 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>
Deferred outflows:			
2017	\$ 689,201	\$ 130,635	\$ 15,820
2018	(32,681)		
2019	(27,037)		
2020	215,729		
2021	<u>38,351</u>		
Total	<u>\$ 883,563</u>	<u>\$ 130,635</u>	<u>\$ 15,820</u>
Deferred inflows:			
2017	\$ -	\$ 42,847	\$ 3,428
2018		42,847	3,428
2019		42,847	3,032
2020		35,964	2,781
2021		22,502	
Thereafter		<u>162,745</u>	
Total	<u>\$ -</u>	<u>\$ 277,824</u>	<u>\$ 7,107</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Municipal Plan (continued):

Component Unit:

At the June 30, 2014, valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	100
Inactive, Non-retired Members	30
Active Members	116
	<hr/>
Total	246
	<hr/> <hr/>

Contributions:

The amounts of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 1% of their salaries. Public safety employees are required to contribute 7% of their salaries. The District contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The District contributed \$673,653 in the year ended June 30, 2016, which was 16.12% of annual covered payroll.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Municipal Plan (continued):

Component Unit (continued):

Increase (decrease) in the Net Pension Liability (Asset):

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of June 30, 2014	\$ 22,225,352	\$ 16,256,754	\$ 5,968,598
Changes for the year			
Service cost	393,182	-	393,182
Interest on the total pension liability	1,632,706	-	1,632,706
Changes in assumptions	457,659	-	457,659
Difference between expected and actual experience	(1,706,234)	-	(1,706,234)
Employer contributions	-	674,632	(674,632)
Employee contributions	-	84,646	(84,646)
Net investment income	-	376,660	(376,660)
Benefit payments, including employee refunds	(1,305,070)	(1,305,070)	-
Administrative expense	-	(15,141)	15,141
Other changes	-	3	(3)
Net changes	<u>(527,757)</u>	<u>(184,270)</u>	<u>(343,487)</u>
Balances as of June 30, 2015	<u>\$ 21,697,595</u>	<u>\$ 16,072,484</u>	<u>\$ 5,625,111</u>

Sensitivity of the Net Pension Liability to changes in the discount rate:

The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower or 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>
\$ 7,931,372	\$ 5,625,111	\$ 3,737,370

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Municipal Plan (continued):

Component Unit (continued):

For the year ended June 30, 2016, the District recognized pension expense of \$811,532. The District reported deferred outflows and inflows of resources related to the Municipal Plan from the following sources:

Deferred outflows of resources

Contributions subsequent to the management date	\$ 673,653
Differences in assumptions	126,894
Net difference between projected and actual earnings on pension plan investments	657,250

Deferred inflows of resources

Differences between expected and actual experience	(1,311,794)
Net difference between projected and actual earnings on pension plan investments	<u>(649,734)</u>

Deferred inflows of resources, net	<u>\$ (503,731)</u>
------------------------------------	---------------------

Deferred outflows of resources related to the Municipal Plan resulting from the District contributions in fiscal year 2016 subsequent to the measurement date of \$673,653 will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Municipal Plan will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ (404,285)
2018	(404,285)
2019	(404,658)
2020	35,844
2021	-
Thereafter	<u>-</u>
Total	<u>\$ (1,177,384)</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS):

Component Unit:

Plan description:

Certain employees of the District participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan administered by the Employees' Retirement System of the State of Rhode Island (System or ERSRI). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit provisions:

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than five years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service-connected death and certain lump-sum death benefits. Joint and survivor benefit provision options are available to members.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ended June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

Contributions:

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, District teachers were required to contribute 3.75% of their annual covered salary. The State and the District are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by District; the rates were 9.41% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2016, for the State and District, respectively. The District contributed \$2,717,665 for the fiscal year ended June 30, 2016, equal to 100% of the required contributions for the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:

At June 30, 2016, the District reported a liability of \$38,327,085 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District proportionate share of the net pension liability	\$ 38,327,085
State's proportionate share of the net pension liability associated with the District	<u>26,183,862</u>
Total net pension liability	<u>\$ 64,510,947</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

The net pension liability was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The District proportion of the net pension liability was based on a projection of the District long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2015, the District proportion was 1.39%.

For the year ended June 30, 2016, the District recognized gross pension expense of \$7,901,175 and revenue of \$3,313,839 for support provided by the State. The District reported deferred outflows and inflows of resources related to ERS from the following sources:

Deferred outflows of resources

Contributions subsequent to the measurement date	\$ 2,717,665
Net difference between projected and actual investment earnings	2,089,544
Changes in proportion and differences between employer contributions and proportionate share of contributions	364,896

Deferred inflows of resources

Change of assumptions	(1,030,363)
Differences between expected and actual experience	(249,562)
Net difference between projected and actual earnings on pension plan investments	<u>(2,118,458)</u>

Deferred outflows of resources, net	<u>\$ 1,773,722</u>
-------------------------------------	---------------------

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

Deferred outflows of resources related to ERS resulting from the District contributions in fiscal year 2016 subsequent to the measurement date of \$2,717,665 will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2017	\$ (341,715)
2018	(341,715)
2019	(341,715)
2020	387,771
2021	(152,115)
Thereafter	<u>(154,454)</u>
	<u>\$ (943,943)</u>

Actuarial Assumptions:

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 6.50%
Investment rate of return	13.50%

Mortality – male and female teachers: 97% and 92%, respectively, of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

The actuarial assumptions used in the June 30, 2014, valuation rolled forward to June 30, 2015, and the calculation of the total pension liability at June 30, 2015, were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension 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 a collective summary of capital market expectations from 23 sources.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

The June 30, 2015, expected arithmetic returns over the long term (20 years) by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	38.0%	
U.S. Equity		6.93%
International Developed		7.32%
International Emerging Markets		9.52%
Private Equity	7.0%	9.99%
Equity Hedge funds	8.0%	3.98%
Absolute return hedge	7.0%	3.98%
Infrastructure	3.0%	5.70%
Other real return assets:	14%	3.85%
Master limited partnerships		4.51%
Credit		4.51%
Inflation Linked Bonds		1.24%
Real estate	8.0%	4.85%
Cash	3.0%	7.80%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 48,061,857	\$ 38,327,085	\$ 30,357,797

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan:

Plan description:

Certain employees of the District participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the System. Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan.

Eligibility and plan benefits:

The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan (continued):

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouses' Benefit</u>
\$17,000 or less	\$ 750
\$17,001 to \$25,000	875
\$25,001 to \$33,000	1,000
\$33,001 to \$40,000	1,125
\$40,001 and over	1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

<u>Parent and 1 Child</u>	<u>Parent and 2 or more Children</u>	<u>One Child Alone</u>	<u>Two Children Alone</u>	<u>Three or more Children Alone</u>	<u>Dependent Parent</u>
150%	175%	75%	150%	175%	100%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan (continued):

Contributions:

The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The District contributed \$24,298 for the fiscal year ended June 30, 2016, equal to 100% of the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:

At June 30, 2016, the District reported an asset of \$4,218,325 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The District proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015, the District proportion was 4.52%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan (continued):

For the year ended June 30, 2016 the District recognized pension expense of \$(268,811), an increase in the net pension asset. The District reported deferred outflows and inflows of resources related to TSB from the following sources:

Deferred outflows of resources

Contributions subsequent to the measurement date	\$ 24,298
Difference between expected and actual experience	1,016,468
Net difference between projected and actual investment earnings	536,004

Deferred inflows of resources

Changes in proportion and differences between employer contributions and proportionate share of contributions	(1,496)
Net difference between projected and actual earnings on pension plan investments	<u>(592,573)</u>
Deferred outflows of resources, net	<u>\$ 982,701</u>

Deferred outflows of resources related to TSB resulting from the District contributions in fiscal year 2016 subsequent to the measurement date of \$24,298 will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as net deferred outflows of resources related to TSB will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2017	\$ 68,798
2018	68,798
2019	68,798
2020	252,591
2021	118,590
Thereafter	<u>380,828</u>
	<u>\$ 958,403</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan (continued):

Actuarial Assumptions:

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000. Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2014, valuation rolled forward to June 30, 2015, and the calculation of the total pension liability at June 30, 2015, were consistent with the results of an actuarial experience study performed as of June 30, 2013. The long-term expected rate of return best-estimate on pension 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 a collective summary of capital market expectations from 23 sources.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan (continued):

The June 30, 2015, expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Global Equity	38.0%	
U.S. Equity		6.93%
International Developed		7.32%
International Emerging Markets		9.52%
Private Equity	7.0%	9.99%
Equity Hedge funds	8.0%	3.98%
Absolute return hedge	7.0%	3.98%
Infrastructure	3.0%	5.70%
Other real return assets:	14%	3.85%
Master limited partnerships		4.51%
Credit		4.51%
Inflation Linked Bonds		1.24%
Real estate	8.0%	4.85%
Cash	3.0%	7.80%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension Plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Teachers' Survivors Benefit (TSB) Pension Plan (continued):

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount rate:

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ (3,275,852)	\$ (4,218,325)	\$ (4,989,609)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report. The report may be obtained at <http://www.ersri.org>.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension plans (continued):

Defined Contribution Plan:

Plan description:

Employees participating in the General and Police Units of the Municipal Plan, as described previously, 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 1.25% or 1.50% of annual covered salary based on years of service. Employees in the Police Unit contribute 3% of their annual covered salary and the employer contributes 3% of annual covered salary.

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.

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 \$113,124 for the fiscal year ended June 30, 2016.

Component Unit:

District employees participating in the ERS plan, as described previously, also participate in the defined contribution plan. Employees may choose among various investment options available to plan participants. District employees contribute 5% of their annual covered salary and the District contributes 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon 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. The Bristol Warren Regional School District contributed \$239,388 for the fiscal year ended June 30, 2016.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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 accompanying 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, 2016, was \$173,368.

Plan membership:

As of June 30, 2016, employee membership data related to the Police Plan is as follows:

Inactive plan members or beneficiaries currently receiving benefits	43
Active plan members	<u>2</u>
Total	<u><u>45</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)

JUNE 30, 2016

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)

JUNE 30, 2016

10. Pension plans (continued):

Police Plan (continued):

Contributions:

Total contributions to the Police Plan during the year ended June 30, 2016, amounted to \$1,366,655, of which \$1,344,117 and \$22,538 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 775% 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, 2016, the annual money-weighted rate of return on Police Plan investments, net of investment expense, was 0.04%. 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, 2015 and rolled forward to June 30, 2016, 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, 2015 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, 2015 was 14 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)

JUNE 30, 2016

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, 2015.

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, 2016, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Cash	0.82%
Global Bonds	1.44%
U.S. High Yield Bonds	4.55%
U.S. Fixed Income	2.69%
Large Cap U.S. Equities	5.11%
Mid Cap U.S. Equities	5.66%
Developed Foreign Equities	6.04%
Emerging Market Equities	8.19%
Master Limited Partnerships	4.16%
U.S. Real Estate (REITS)	5.22%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016, and the net pension liability as of June 30, 2016, is as follows:

Pension liability:

Balance as of June 30, 2015	\$ 28,120,035
Changes for the year:	
Service cost	105,365
Interest on the total pension liability	1,831,530
Effect of economic/demographic gains or losses	(340,908)
Benefit payments, including employee refunds	<u>(1,510,403)</u>
Balance as of June 30, 2016	28,205,619
Plan fiduciary net position as of June 30, 2016	<u>14,651,710</u>
Net pension liability	<u><u>\$ 13,553,909</u></u>

Plan fiduciary net position as a percentage of the total pension liability is 51%. The covered payroll (annual payroll of active participants) was \$173,368 and the ratio of the net pension liability to the covered payroll was (7818)%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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	\$ 17,595,862	\$ 13,553,909	\$ 10,292,031

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 \$1,290,989 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>
2017	\$ 322,747
2018	322,747
2019	322,747
2020	<u>322,748</u>
Total	<u><u>\$ 1,290,989</u></u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

10. Pension plans (continued):

Police Plan (continued):

Annual pension cost:

The actuarially determined employer contribution requirement of \$1,327,427 was determined as described above and was based on an actuarial valuation as of July 1, 2015. 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, 2016.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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 judgment in a lawsuit against the District to decrease Warren's allocable contribution, and increase the Town's allocable contribution, to the District for the fiscal year ended June 30, 2016, in the amount of \$1,406,103, and to reallocate each Town's respective contribution for all future years. The Town has filed an appeal and plans to rigorously defend this claim. At June 30, 2016, legal settlement of \$1,406,103 is accrued in long-term obligations due in more than one year on the accompanying statement of net position. It is reasonably possible that the Town will be responsible for additional payments.

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)

JUNE 30, 2016

12. Commitments and contingencies (continued):

The Town is committed under construction contracts at June 30, 2016, as follows:

<u>Project</u>	<u>Contract</u>	<u>Spent to date</u>	<u>Remaining commitment</u>
Headworks and Miscellaneous Improvements	\$ 4,933,607	\$ 4,748,072	\$ 185,535
Maritime Center Construction Project	1,564,080	1,522,636	41,444
Tanyard Brook Phase II Design/Engineering	432,600	219,104	213,496
Road Paving Projects Design/Engineering	114,550	41,963	72,587
Prudence Ferry Dock Design	71,650	66,502	5,148
Walley School Feasibility Study	14,000	6,694	7,306
Town Hall Renovations Design	58,825	28,405	30,420
Church Street Dock Expansion Design	116,500	33,248	83,252
Quinta-Gamelin Community Center Generator	88,675		88,675
LED Streetlight Conversion	484,728		484,728
Health Equity Zone Implementation	32,122		32,122
FEMA Flood Signage	22,300		22,300
	<u>\$ 7,933,637</u>	<u>\$ 6,666,624</u>	<u>\$ 1,267,013</u>

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	\$ 38,631,630	\$ -	\$ 38,631,630	\$ 39,222,910	\$ 591,280
Intergovernmental	1,800,533		1,800,533	2,115,274	314,741
Licenses, permits and fees	2,582,250		2,582,250	2,531,355	(50,895)
Investment earnings	480,000		480,000	304,778	(175,222)
Other revenues	1,089,387	(15,913)	1,073,474	1,324,791	251,317
Transfers from other funds	129,000	(129,000)	-		
Reappropriated surplus	135,000	(135,000)	-		
Total revenues	44,847,800	(279,913)	44,567,887	45,499,108	931,221
Expenditures:					
Current:					
General government	1,660,365		1,660,365	1,716,703	(56,338)
Public safety	5,492,632		5,492,632	5,348,580	144,052
Public works	4,522,676	14,200	4,536,876	4,738,868	(201,992)
Community services	1,399,161		1,399,161	1,491,671	(92,510)
Education	22,370,920		22,370,920	22,370,920	-
Payroll taxes and benefits	6,071,927		6,071,927	6,058,090	13,837
Debt service:					
Principal	1,876,282		1,876,282	2,129,500	(253,218)
Interest, fees and charges	1,148,837		1,148,837	1,062,361	86,476
Bond issuance costs	5,000		5,000	8,270	(3,270)
Capital outlay	300,000	(131,241)	168,759	164,242	4,517
Total expenditures	44,847,800	(117,041)	44,730,759	45,089,205	(358,446)
Excess of expenditures over revenues, budgetary basis	-	(162,872)	(162,872)	409,903	572,775
Other financing sources (uses):					
Reappropriated fund balances:					
Capital project and operating carryforward		14,200	14,200	14,200	-
Unrestricted		135,000	135,000	-	(135,000)
Proceeds on sale of capital assets				10,000	10,000
Transfers from other funds		144,913	144,913	144,913	-
Transfers to other funds		(131,241)	(131,241)	(131,241)	-
Total other financing sources (uses)	-	162,872	162,872	37,872	(125,000)
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ -	\$ -	\$ -	447,775	\$ 447,775
Adjustments of budgetary basis to U.S. GAAP basis				(14,200)	
Excess of expenditures and other financing uses over revenues and other financing sources, U.S. GAAP basis				433,575	
Fund balance, beginning of year				10,686,754	
Fund balance, end of year				\$ 11,120,329	

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON

YEAR ENDED JUNE 30, 2016

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	\$ 14,200
Unrestricted	<u>0</u>
 Total adjustments	 <u>\$ 14,200</u>

Reappropriated fund equity excludes carry-forward amounts for capital expenditures that, effective July 1, 2016, 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 Clerk	\$ 4,475
Town Solicitor	52,518
Boards and Services	291
Municipal Court	5,290
Town Hall Complex	26,627
Harbor Patrol	17,767
Public Works	124,015
Civic Services	117,746
Library	25,126
Recreation	69,782
Municipal Observances	2,951
Senior Center	588

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2016

<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, 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%
July 1, 2015	14,844,801	27,771,291	12,926,490	53.45%	236,091	5475.22%
<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, 2016

Police Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2016	\$ 1,327,427	101.2%
2015	\$ 1,341,343	103.0%
2013	\$ 1,288,194	100.0%
2012	\$ 899,460	100.0%
2011	\$ 828,850	115.6%
2010	\$ 784,676	100.0%

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, 2016

Changes affecting the June 30, 2015, 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, 2015, 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, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14 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, 2016

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 NET PENSION LIABILITY AND RELATED RATIOS - POLICE PLAN

LAST TEN YEARS *

	<u>2016</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 105,365	\$ 101,544
Interest	1,831,530	1,827,431
Changes of benefit terms	-	-
Effect of economic/demographic gains or (losses)	(340,909)	(58,497)
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(1,510,403)</u>	<u>(1,454,147)</u>
Net change in total pension liability	85,583	416,331
Total pension liability, beginning of year	<u>28,120,035</u>	<u>27,703,704</u>
Total pension liability, end of year	<u>28,205,618</u>	<u>28,120,035</u>
Plan fiduciary net position:		
Contributions—employer	1,344,117	1,382,578
Contributions—member	22,538	30,911
Net investment income	5,530	155,221
Benefit payments, including refunds of member contributions	(1,510,403)	(1,454,147)
Administrative expense	(1,870)	(1,823)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(140,088)	112,740
Plan fiduciary net position, beginning of year	<u>14,791,797</u>	<u>14,679,057</u>
Plan fiduciary net position, end of year	<u>14,651,709</u>	<u>14,791,797</u>
Net pension liability, end of year	<u>\$ 13,553,909</u>	<u>\$ 13,328,238</u>
Plan fiduciary net position as a percentage of the total pension liability	51.95%	52.60%
Covered employee payroll	\$ 173,368	\$ 237,776
Net pension liability as a percentage of covered employee payroll	7818.00%	5605.38%
Actuarially determined contribution	\$ 1,327,427	\$ 1,341,343
Contributions in relation to the actuarially determined contribution	<u>1,344,117</u>	<u>1,382,578</u>
Contribution deficiency (excess)	<u>\$ (16,690)</u>	<u>\$ (41,235)</u>
Contributions as a percentage of covered employee payroll	775.30%	581.46%

* Fiscal year 2015 was the first year of implementation; therefore, only two years are shown.

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF TOWN CONTRIBUTIONS - POLICE PLAN

YEAR ENDED JUNE 30, 2016

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions Related to the Actuarially Determined Contribution	Contribution Deficiency (Excess)
2016	\$ 1,327,427	\$ 1,344,117	\$ (16,690)
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)

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, 2016

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, 2016

Annual money-weighted rate of return, net of investment expenses	0.04%
--	-------

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS - MERS

LAST TEN YEARS *

	2016		
	General Employees	Police	Fire
Total pension liability:			
Service cost	\$ 382,606	\$ 376,752	\$ 21,582
Interest	1,584,867	345,620	26,024
Changes of benefit terms	367,127	424,342	(277)
Effect of economic/demographic gains or (losses)			
Differences between expected and actual experience	264,406	(175,622)	(8,922)
Changes of assumptions	-	-	
Benefit payments, including refunds of member contributions	<u>(1,440,330)</u>	<u>(94,878)</u>	<u>(17,357)</u>
Net change in total pension liability	1,158,676	876,214	21,050
Total pension liability, beginning of year	<u>21,660,428</u>	<u>4,467,325</u>	<u>344,873</u>
Total pension liability, end of year	<u>22,819,104</u>	<u>5,343,539</u>	<u>365,923</u>
Plan fiduciary net position:			
Contributions—employer	704,196	130,914	24,717
Contributions—employee	103,047	182,779	10,320
Net investment income	389,878	141,307	7,122
Benefit payments, including refunds of member contributions	(1,440,330)	(94,878)	(17,357)
Administrative expense	(15,778)	(5,663)	(286)
Other	<u>9,534</u>	<u>2.00</u>	<u>375</u>
Net change in plan fiduciary net position	(249,453)	354,461	24,891
Plan fiduciary net position, beginning of year	<u>16,885,963</u>	<u>5,675,244</u>	<u>279,011</u>
Plan fiduciary net position, end of year	<u>16,636,510</u>	<u>6,029,705</u>	<u>303,902</u>
Net pension liability (asset), end of year	<u>\$ 6,182,594</u>	<u>\$ (686,166)</u>	<u>\$ 62,021</u>
Plan fiduciary net position as a percentage of the total pension	72.91%	112.84%	83.05%
Covered employee payroll	\$ 4,587,600	\$ 2,284,733	\$ 99,184
Net pension liability as a percentage of covered employee payroll	134.77%	-30.03%	62.53%
Actuarially determined contribution	\$ 704,196	\$ 130,914	\$ 24,717
Contributions in relation to the actuarially determined contribution	<u>704,196</u>	<u>130,914</u>	<u>24,717</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	15.35%	5.73%	24.92%

* Fiscal year 2015 was the first year of implementation; therefore, only two years are shown.

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS - MERS (CONTINUED)

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	(1,376,683)	(60,617)	(17,366)
Net change in total pension liability	476,289	466,025	26,571
Total pension liability, beginning of year	21,184,138	4,001,300	318,302
Total pension liability, end of year	21,660,427	4,467,325	344,873
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	5,903	-	1
Net change in plan fiduciary net position	1,658,720	945,958	41,306
Plan fiduciary net position, beginning of year	15,227,243	4,729,286	237,705
Plan fiduciary net position, end of year	16,885,963	5,675,244	279,011
Net pension liability (asset), end of year	\$ 4,774,464	\$ (1,207,919)	\$ 65,862
Plan fiduciary net position as a percentage of the total pension liability	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	700,353	84,143	15,026
Contribution deficiency (excess)	\$ -	\$ -	\$ -
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 two years are shown.

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS - MERS (CONTINUED)

LAST TEN YEARS *

Component Unit:

	<u>2016</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 393,182	\$ 401,783
Interest	1,632,706	1,569,288
Changes of benefit terms		
Effect of economic/demographic gains or (losses)		
Differences between expected and actual experience	(1,706,234)	-
Changes of assumptions	457,659	211,740
Benefit payments, including refunds of member contributions	<u>(1,305,070)</u>	<u>(1,360,825)</u>
Net change in total pension liability	(527,757)	821,986
Total pension liability, beginning of year	<u>22,225,352</u>	<u>21,403,366</u>
Total pension liability, end of year	<u>21,697,595</u>	<u>22,225,352</u>
Plan fiduciary net position:		
Contributions—employer	674,632	611,556
Contributions—employee	84,646	83,890
Net investment income	376,660	2,165,218
Benefit payments, including refunds of member contributions	(1,305,070)	(1,360,825)
Administrative expense	(15,141)	(13,559)
Other	<u>3</u>	<u>1</u>
Net change in plan fiduciary net position	(184,270)	1,486,281
Plan fiduciary net position, beginning of year	<u>16,256,754</u>	<u>14,770,473</u>
Plan fiduciary net position, end of year	<u>16,072,484</u>	<u>16,256,754</u>
Net pension liability (asset), end of year	<u>\$ 5,625,111</u>	<u>\$ 5,968,598</u>
Plan fiduciary net position as a percentage of the total pension liability	74.07%	73.15%
Covered employee payroll	\$ 3,887,729	\$ 4,172,202
Net pension liability as a percentage of covered employee payroll	144.69%	143.06%
Actuarially determined contribution	\$ 673,653	\$ 672,712
Contributions in relation to the actuarially determined contribution	<u>673,653</u>	<u>672,712</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	17.33%	16.12%

* Fiscal year 2015 was the first year of implementation; therefore, only two years are shown.

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS - ERS

Component Unit:

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	1.39219208%	1.37675883%
District's proportionate share of the net pension liability	\$ 38,327,085	\$ 33,510,315
State's proportionate share of the net pension liability associated with the District	<u>26,183,862</u>	<u>22,979,567</u>
Total pension liability	<u>\$ 64,510,947</u>	<u>\$ 56,489,882</u>
Plan fiduciary net position as a percentage of the total pension liability	57.55%	61.40%
Covered employee payroll	\$ 20,544,729	\$ 21,668,067
District's proportionate share of the net pension liability as a percentage of covered employee payroll	186.55%	154.65%
Actuarially determined contribution	\$ 2,717,665	\$ 2,904,923
Contributions in relation to the actuarially determined contribution	<u>2,717,665</u>	<u>2,904,923</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	13.23%	13.41%

* Fiscal year 2015 was the first year of implementation; therefore, only two years are shown.

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS - TSB

LAST TEN YEARS *

Component Unit:

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset	4.51855581%	4.51700329%
District's proportionate share of the net pension asset	\$ 4,218,325	\$ 5,615,571
Plan fiduciary net position as a percentage of the total pension asset	146.60%	173.30%
Covered employee payroll	\$ 20,544,729	\$ 21,668,067
District's proportionate share of the net pension asset as a percentage of covered employee payroll	20.53%	25.92%
Statutorily determined contribution	\$ 24,298	\$ 27,516
Contributions in relation to the actuarially determined contribution	<u>24,298</u>	<u>27,516</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.11826878%	0.12698872%

* Fiscal year 2015 was the first year of implementation; therefore, only two years are shown.

TOWN OF BRISTOL, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
YEAR ENDED JUNE 30, 2016

Real estate and personal property taxes receivable:

Year	Balance, July 1, 2015	Current year assessment	Adjustments/ abatements	Amount to be collected	Collections	Balance, June 30, 2016
2016		\$ 39,453,379	\$ (319,033)	\$ 39,134,346	\$ 37,834,303	\$ 1,300,043
2015	\$ 1,429,425		108,692	1,538,117	1,406,578	131,539
2014	199,667		(8,451)	191,216	92,397	98,819
2013	87,549		(60)	87,489	21,172	66,317
2012	61,474		(381)	61,093	2,084	59,009
2011	55,386		(227)	55,159	2,924	52,235
2010	30,948		-	30,948	2,614	28,334
2009	36,219		(730)	35,489	2,750	32,739
2008	35,556		-	35,556	444	35,112
2007 and prior	106,704		(52,082)	54,622	1,140	53,482
	<u>\$ 2,042,928</u>	<u>\$ 39,453,379</u>	<u>\$ (272,272)</u>	<u>\$ 41,224,035</u>	<u>\$ 39,366,406</u>	1,857,629
					Less allowance for doubtful accounts	<u>475,650</u>
						<u>\$ 1,381,979</u>

TOWN OF BRISTOL, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2016

Schedule of most recent net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 3,150,667,778	\$ 44,203,868
Motor vehicles	139,991,396	2,428,851
Tangible personal	<u>55,244,100</u>	<u>775,075</u>
Total	3,345,903,274	47,407,794
Exemptions	<u>566,459,117</u>	<u>7,954,415</u>
Current year assessment	<u>\$ 2,779,444,157</u>	<u>\$ 39,453,379</u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 39,366,406
Revenue collected within 60 days subsequent to year ended June 30, 2016	<u>536,732</u>
	39,903,138
Prior year revenue received in current year	<u>(671,625)</u>
Current year real estate and personal property tax revenue	<u>\$ 39,231,513</u>

Town of Bristol
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Property Tax Collection	\$ 37,990,160	\$ -
Prior Year Property Tax Collection	1,232,749	-
Interest & Penalty	296,072	-
PILOT & Tax Treaty (excluded from certified levy)	550,640	-
Other Local Property Taxes	-	-
Licenses and Permits	817,959	-
Fines and Forfeitures	133,752	-
Investment Income	68,428	-
Departmental	618,162	-
Rescue Run Revenue	757,755	-
Police & Fire Detail	356,073	-
Other Local Non-Property Tax Revenues	381,551	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	-
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	-
CDBG	60,230	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	20,375	-
MV Excise Tax Reimbursement	94,294	-
State PILOT Program	954,792	-
Distressed Community Relief Fund	-	-
Library Resource Aid	168,505	-
Library Construction Aid	275,531	-
Public Service Corporation Tax	289,577	-
Meals & Beverage Tax	442,183	-
Hotel Tax	39,632	-
LEA Aid	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	-	-
State Food Service Revenue	-	-
Incentive Aid	110,194	-
Property Revaluation Reimbursement	-	-
Other State Revenue	13,347	-
Other Revenue	-	-
Local Appropriation for Education	-	-
Regional Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 45,671,961	\$ -
Transfer from Capital Projects Funds	\$ -	\$ -
Transfer from Other Funds	144,913	-
Debt Proceeds	-	-
Other Financing Sources	10,000	-
Rounding	-	-
Total Other Financing Sources	\$ 154,913	\$ -

Town of Bristol
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

<u>EXPENDITURES</u>	<u>General</u>		<u>Social</u>	<u>Information</u>		<u>Public</u>	<u>Parks and</u>	<u>Police</u>	
	<u>Government</u>	<u>Finance</u>	<u>Services</u>	<u>Technology</u>	<u>Planning</u>	<u>Libraries</u>	<u>Works</u>	<u>Rec</u>	<u>Department</u>
Compensation- Group A	\$ 538,882	\$ 426,004	\$ 115,971	\$ -	\$ 410,707	\$ 555,976	\$ 1,788,933	\$ 330,593	\$ 2,877,488
Compensation - Group B	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	-	-	-	-	-	139,432	-	152,561
Overtime - Group B	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	477,791
Active Medical Insurance - Group A	82,530	72,214	10,316	-	61,897	72,214	319,803	41,265	422,965
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	6,969	6,098	871	-	5,227	6,098	27,004	3,484	35,714
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Payroll Taxes	36,179	29,724	8,092	-	28,657	38,793	134,551	23,067	25,780
Life Insurance	8,113	7,099	1,014	-	6,085	7,099	31,439	4,057	41,580
Defined Contribution- Group A	7,359	6,439	920	-	5,519	6,439	28,517	3,680	56,325
Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Local Pension- Group A	-	-	-	-	-	-	-	-	1,359,572
Local Pension - Group B	-	-	-	-	-	-	-	-	-
State Pension- Group A	49,386	43,212	6,173	-	37,039	43,212	191,369	24,693	253,101
State Pension - Group B	-	-	-	-	-	-	-	-	-
Other Pension	-	-	-	-	-	-	-	-	-
Purchased Services	452,241	-	1,634	-	56,033	-	253,352	26,762	-
Materials/Supplies	72,621	2,255	1,348	-	486	38,972	70,777	8,148	49,532
Software Licenses	37,966	21,843	-	-	-	-	8,743	-	21,871
Capital Outlays	193,809	-	-	-	-	-	-	-	75,500
Insurance	631,473	-	-	-	-	-	-	-	-
Maintenance	48,367	-	3,050	-	-	28,382	62,650	30,132	10,739
Vehicle Operations	1,616	-	3,234	-	2,360	-	213,593	7,397	142,964
Utilities	70,499	-	9,029	-	-	54,376	44,905	66,158	51,181
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	348,205	-	-
Revaluation	-	71,146	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	172,583	-	-
Trash Removal & Recycling	-	-	-	-	-	-	544,233	-	-
Claims & Settlements	20,479	-	-	-	-	-	-	-	-
Community Support	100,100	-	-	-	-	-	-	-	-
Other Operation Expenditures	251,641	3,964	7,050	-	8,363	32,420	2,322	15,986	85,807
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,610,230	\$ 689,998	\$ 168,702	\$ -	\$ 622,373	\$ 883,981	\$ 4,382,411	\$ 585,422	\$ 6,140,471

Town of Bristol
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXPENDITURES	Fire		Public Safety		Education	Debt	OPEB	Total	Education
	Department	Dispatch	Other	Appropriation	Municipal			Department	
Compensation- Group A	\$ 365,548	\$ 421,429	\$ 277,605	\$ -	\$ -	\$ -	\$ 8,109,136	\$ -	
Compensation - Group B	-	-	-	-	-	-	-	-	
Compensation -Volunteer	116,748	-	-	-	-	-	116,748	-	
Overtime- Group A	-	12,817	2,340	-	-	-	307,150	-	
Overtime - Group B	-	-	-	-	-	-	-	-	
Police & Fire Detail	55,746	-	-	-	-	-	533,537	-	
Active Medical Insurance - Group A	41,265	82,530	41,265	-	-	-	1,248,264	-	
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	
Active Dental insurance- Group A	3,484	6,969	3,484	-	-	-	105,402	-	
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	
Payroll Taxes	44,779	30,299	19,533	-	-	-	419,454	-	
Life Insurance	4,057	8,113	4,057	-	-	-	122,713	-	
Defined Contribution- Group A	14,003	7,359	3,680	-	-	-	140,240	-	
Defined Contribution - Group B	-	-	-	-	-	-	-	-	
Other Benefits- Group A	-	-	-	-	-	-	-	-	
Other Benefits- Group B	-	-	-	-	-	-	-	-	
Local Pension- Group A	-	-	-	-	-	-	1,359,572	-	
Local Pension - Group B	-	-	-	-	-	-	-	-	
State Pension- Group A	24,693	49,386	24,693	-	-	-	746,957	-	
State Pension - Group B	-	-	-	-	-	-	-	-	
Other Pension	-	-	-	-	-	-	-	-	
Purchased Services	390,000	-	11,338	-	-	-	1,191,360	-	
Materials/Supplies	28,181	-	18,647	-	-	-	290,967	-	
Software Licenses	9,526	17,940	6,548	-	-	-	124,437	-	
Capital Outlays	75,886	-	-	-	-	-	345,195	-	
Insurance	-	-	-	-	-	-	631,473	-	
Maintenance	50,919	-	40,077	-	-	-	274,316	-	
Vehicle Operations	111,198	-	12,576	-	-	-	494,938	-	
Utilities	79,670	-	37,586	-	-	-	413,404	-	
Contingency	-	-	-	-	-	-	-	-	
Street Lighting	-	-	-	-	-	-	348,205	-	
Revaluation	-	-	-	-	-	-	71,146	-	
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	172,583	-	
Trash Removal & Recycling	-	-	-	-	-	-	544,233	-	
Claims & Settlements	-	-	-	-	-	-	20,479	-	
Community Support	-	-	-	-	-	-	100,100	-	
Other Operation Expenditures	144,302	-	10,265	-	-	-	562,120	-	
Local Appropriation for Education	-	-	-	-	-	-	-	-	
Regional Appropriation for Education	-	-	-	22,370,920	-	-	22,370,920	-	
Other Education Appropriation	-	-	-	-	-	-	-	-	
Municipal Debt- Principal	-	-	-	-	1,974,500	-	1,974,500	-	
Municipal Debt- Interest	-	-	-	-	1,006,496	-	1,006,496	-	
School Debt- Principal	-	-	-	-	-	-	-	-	
School Debt- Interest	-	-	-	-	-	-	-	-	
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	
OPEB Contribution- Total	-	-	-	-	-	1,116,018	1,116,018	-	
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	
Rounding	-	-	-	-	-	-	-	-	
Total Expenditures	\$ 1,560,005	\$ 636,842	\$ 513,694	\$ 22,370,920	\$ 2,980,996	\$ 1,116,018	\$ 45,262,063	\$ -	

Transfer to Capital Project Funds	\$ 131,241	\$ -
Transfer to Other Funds	-	-
Payment to Bond Escrow Agent	-	-
Other Financing Uses	-	-
Total Other Financing Uses	\$ 131,241	\$ -
Net Change in Fund Balance	433,570	-
Fund Balance - beginning of year	10,686,754	-
Fund Balance - end of year	\$ 11,120,324	\$ -

Town of Bristol
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2016

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance	Fund Balance/ (Deficit) - Beginning	Fund Balance/ (Deficit) - Ending
General Fund	\$ 45,295,513	\$ 154,913	\$ 44,885,615	\$ 131,241	\$ 433,570	\$ 10,686,754	\$ 11,120,324
Substance Abuse Task Force-RISAPA	20,375		20,375	-	-	-	-
Totals per audited financial statements	\$ 45,315,888	\$ 154,913	\$ 44,905,990	\$ 131,241	\$ 433,570	\$ 10,686,754	\$ 11,120,324
 <u>Reconciliation from financial statements to MTP2</u>							
Reimbursement for police details reported as a receivable on financial statements and revenue/expense on MTP2	356,073	-	356,073	-	-	-	-
Rounding	-	-	-	-	-	-	-
Totals Per MTP2	\$ 45,671,961	\$ 154,913	\$ 45,262,063	\$ 131,241	\$ 433,570	\$ 10,686,754	\$ 11,120,324

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)

YEAR ENDED JUNE 30, 2016

Basis of presentation:

The *Annual Supplemental Transparency Report (MTP2)* is a new supplemental schedule required by the State of Rhode Island, as a result of newly enacted legislation, Article 8 of the Appropriations Act (2016 House Bill 7454 sub A as amended). This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) on the Division of Municipal Finance website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

Reportable government services:

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services," RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

Allocations:

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the Town's budget and accounting system. To report these costs, the Town made reasonable allocations of costs to the State's departmental groupings based on a reasonable basis.

Employee groups:

Group A - This item includes compensation (salaries, longevity, stipends, clothing, shift differential, out-of-rank, holiday pay, and bonuses) and benefits (medical and dental insurance, pension contributions, OPEB (pay-go and ADC contributions) for the primary work force of the department (Police Department: Police Officers, Fire Department: Fire Fighters, Education Department: Certified Employees, and Other Departments: All Employees).

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL
TRANSPARENCY REPORT (MTP2) (CONTINUED)

YEAR ENDED JUNE 30, 2016

Employee groups (continued):

Group B - This item would only include compensation (salaries, longevity, stipend, clothing, shift differential, out-of-rank, holiday pay, and bonuses) and benefits (medical and dental insurance, pension contributions, OPEB (pay-go and ADC contributions) for administrative and civilian dispatch employees in Police and Fire Departments and Non-Certified employees for Education Department.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>. (Documents pertaining to the Transparency Portal will be posted in January 2017)