



TOWN OF BRISTOL, RHODE ISLAND

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2018

Town of Bristol, Rhode Island

June 30, 2018

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Town of Bristol, Rhode Island

June 30, 2018

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island as of and for the year ended June 30, 2018, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 did audit the financial statements of the Bristol Warren Regional School District (District) which represent 33 percent, 91 percent, and (70) percent, respectively, of the assets, net position, and revenues of the District. Those statements were also audited by us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report issues to the Bristol Warren Regional School District.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island, as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note X to the financial statements, in 2018, the Town adopted new accounting guidance, GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bristol, Rhode Island's basic financial statements. The combining non-major governmental funds, combining pension and other employee benefit trust funds, supplementary tax collector's annual report and Annual Supplemental Transparency Report (MTP2) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental funds, combining pension and other employee benefit trust funds, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, combining non-major governmental funds, combining pension and other employee benefit trust funds, 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, 2018, on our consideration of the Town of Bristol, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bristol, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bristol, Rhode Island's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
December 27, 2018

Town of Bristol, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

As management of the Town of Bristol, Rhode Island (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, 2018 (FY2018).

Financial Highlights

- The assets of the Town exceeded its liabilities as of June 30, 2018, by \$45,450,101 (net position). The Town had a change in net position of \$1,502,248, before the restatement of the prior year.
- As of June 30, 2018, the Town's governmental funds reported combined ending fund balances of \$16,648,051, a decrease of \$638,462 in comparison with the prior year, principally the result of capital outlay expenditures.
- As of June 30, 2018, the unassigned fund balance for the General Fund was \$7,892,346, or approximately 16% of total General Fund revenues.
- As of June 30, 2018, the business-type activities reported net position of \$23,348,664, an increase of \$225,950 in comparison to the prior year, principally the result of an increase in user fees revenue due to increase in sewer fees of \$14 per unit, per year.

For the fiscal year ending June 30, 2018, the Town adopted the provisions of Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions* (GASB 75). GASB 75 requires the net OPEB liability to be measured and reported as the total OPEB liability less the amount of the OPEB plan's fiduciary net position. In addition, GASB 75 establishes for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses. Due to the adoption of GASB 75, the Town has restated its 2018 opening net position, resulting in a decrease in net position of 10,673,622, at July 1, 2017. The decrease in beginning net position relating to OPEB resulted from a \$718,028 decrease in net OPEB obligation asset and a \$9,955,594 increase in net OPEB liability. The adoption of GASB 75 increased the net position for the fiscal year ended June 30, 2018 by \$456,268 due to OPEB activity.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components:

- Government-wide financial statements
- Fund financial statements; and
- Notes to the financial statements

This report also contains other 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.

Town of Bristol, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

Overview of the Financial Statements (continued)

Government-wide financial statements (continued)

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

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

The government-wide financial statements can be found on pages 13-16 of this report.

In the statement of activities, the operations of the Town are presented in a format that reports the net of expenses and revenues of its individual functions – the objective being to report the relative burden of each of the Town's functions to the taxpayers. Revenues offsetting related functional expenses are separated into three categories: charges for services, operating grants and contributions, and capital grants and contributions.

Fund financial statements. A *fund* is a grouping of related accounts that is 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 funds, proprietary funds, and fiduciary funds.

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 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*.

Town of Bristol, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

Overview of the Financial Statements (continued)

Government-wide financial statements (continued)

The Town maintains approximately 80 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund 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 for the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

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 uses an enterprise fund to account for its sewer operations.

The basic proprietary fund financial statements can be found on pages 21-24 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 own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. 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 25-26 of this report.

Notes to the 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 financial statements can be found on pages 26-89 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which presents schedules relating to the Town's pension and other postemployment benefit plans, as well as budgetary comparison schedules for the General Fund to demonstrate compliance with its respective budget. Required supplementary information can be found on pages 92-112 of this report. *Other supplementary information* which presents combining financial statements, tax collector's annual report and annual supplemental transparency report is also presented. Other supplementary information can be found on pages 113-124 of this report.

Town of Bristol, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$45,450,101 June 30, 2018.

Town of Bristol's Net Position - Primary Government
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 20,132,357	\$ 21,358,595	\$ 3,301,664	\$ 4,330,923	\$ 23,434,021	\$ 25,689,518
Capital assets	<u>63,253,004</u>	<u>62,743,189</u>	<u>46,623,570</u>	<u>45,818,368</u>	<u>109,876,574</u>	<u>108,561,557</u>
Total assets	<u>83,385,361</u>	<u>84,101,784</u>	<u>49,925,234</u>	<u>50,149,291</u>	<u>133,310,595</u>	<u>134,251,075</u>
Deferred outflows of resources						
Deferred outflows	<u>3,934,085</u>	<u>3,262,860</u>	-	-	<u>3,934,085</u>	<u>3,262,860</u>
Total deferred outflows of resources	<u>3,934,085</u>	<u>3,262,860</u>	-	-	<u>3,934,085</u>	<u>3,262,860</u>
Liabilities						
Current liabilities	4,412,498	5,292,392	2,745,309	2,799,906	7,157,807	8,092,298
Long-term liabilities	<u>60,283,254</u>	<u>61,247,113</u>	<u>23,831,261</u>	<u>24,226,671</u>	<u>84,114,515</u>	<u>85,473,784</u>
Total liabilities	<u>64,695,752</u>	<u>66,539,505</u>	<u>26,576,570</u>	<u>27,026,577</u>	<u>91,272,322</u>	<u>93,566,082</u>
Deferred inflows of resources						
Deferred inflows	<u>522,257</u>	-	-	-	<u>522,257</u>	-
Total deferred inflows of resources	<u>522,257</u>	-	-	-	<u>522,257</u>	-
Net Position						
Net investment in capital assets	32,955,304	34,317,731	20,980,540	19,850,476	53,935,844	54,168,207
Restricted	8,562,892	7,214,558	-	-	8,562,892	7,214,558
Unrestricted	<u>(19,416,759)</u>	<u>(20,707,150)</u>	<u>2,368,124</u>	<u>3,272,238</u>	<u>(17,048,635)</u>	<u>(17,434,912)</u>
Total net position	<u>\$ 22,101,437</u>	<u>\$ 20,825,139</u>	<u>\$ 23,348,664</u>	<u>\$ 23,122,714</u>	<u>\$ 45,450,101</u>	<u>\$ 43,947,853</u>

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less related outstanding debt equals \$32,955,304. 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 Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

**Town of Bristol's Changes in Net Position - Primary Government
For the Year Ended June 30, 2018 and 2017**

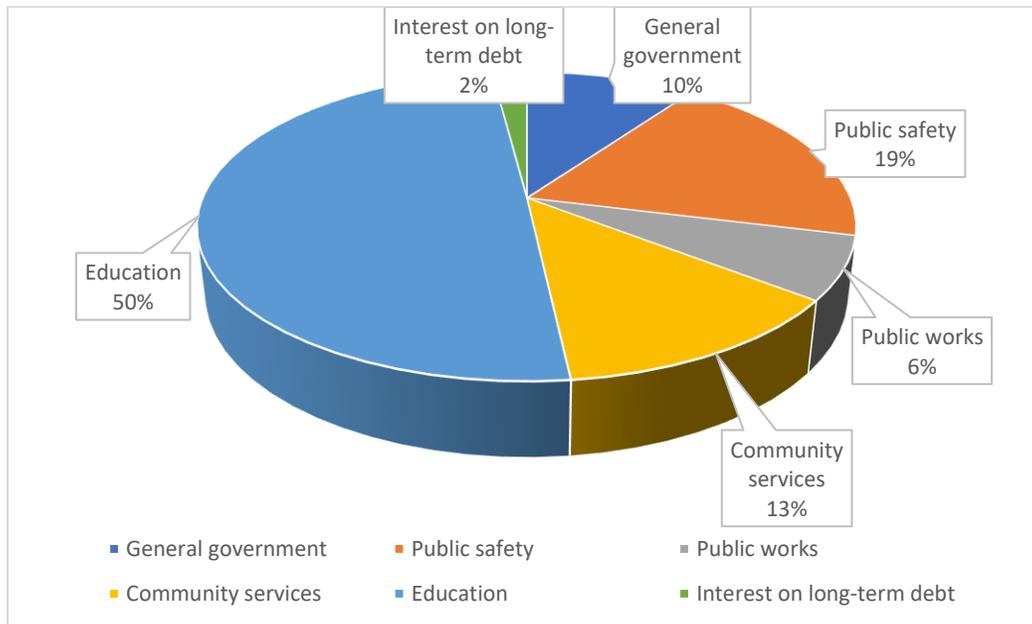
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:		Restated				Restated
Program Revenues:						
Charges for service	\$ 4,234,121	\$ 2,432,508	\$ 5,405,889	\$ 5,349,718	\$ 9,640,010	\$ 7,782,226
Operating grants & contributions	1,310,646	1,324,843	-	-	1,310,646	1,324,843
Capital grants & contributions	997,297	358,346	23,744	32,739	1,021,041	391,085
General Revenues:						
Property taxes	42,550,944	41,849,477	-	-	42,550,944	41,849,477
Grants and contributions not restricted to specific programs	2,466,477	2,944,815	-	-	2,466,477	2,944,815
Investment earnings	728,421	828,195	31,707	31,228	760,128	859,423
Miscellaneous	51,140	781,824	237,040	-	288,180	781,824
Total revenue	<u>52,339,046</u>	<u>50,520,008</u>	<u>5,698,380</u>	<u>5,413,685</u>	<u>58,037,426</u>	<u>55,933,693</u>
Expenses:						
General government	5,006,877	2,994,557	-	-	5,006,877	2,994,557
Public safety	9,541,818	9,297,823	-	-	9,541,818	9,297,823
Public works	6,790,282	7,752,264	-	-	6,790,282	7,752,264
Community services	3,334,896	3,725,121	-	-	3,334,896	3,725,121
Education	25,443,305	25,172,179	-	-	25,443,305	25,172,179
Interest on debt	1,042,081	827,367	-	-	1,042,081	827,367
Sewer	-	-	5,413,808	5,327,169	5,413,808	5,327,169
Total expenses	<u>51,159,259</u>	<u>49,769,311</u>	<u>5,413,808</u>	<u>5,327,169</u>	<u>56,573,067</u>	<u>55,096,480</u>
Amortization of premium	-	-	6,630	-	6,630	-
Gain on disposal of asset	21,511	-	9,748	-	31,259	-
Transfers	75,000	104,440	(75,000)	(104,440)	-	-
Increase(decrease) in net assets	1,276,298	855,137	225,950	(17,924)	1,502,248	837,213
Net position, beginning of year, restated	<u>20,825,139</u>	<u>19,970,002</u>	<u>23,122,714</u>	<u>23,140,638</u>	<u>43,947,853</u>	<u>43,110,640</u>
Net position, end of year	<u>\$ 22,101,437</u>	<u>\$ 20,825,139</u>	<u>\$ 23,348,664</u>	<u>\$ 23,122,714</u>	<u>\$ 45,450,101</u>	<u>\$ 43,947,853</u>

Governmental Activities. Governmental activities increased the Town's net position by \$1,276,298 principally the result of an increase in charges for services and property taxes revenues during the year.

Business-Type Activities. Business-type activities increased the Town's net position by \$225,950, including transfers of \$75,000 to the governmental funds.

Town of Bristol, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government Activities Expenditure Chart



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, 2018, the Town's governmental funds reported combined ending fund balances of \$16,648,051. Approximately 6%, or \$974,848, constitutes committed and assigned fund balances, which the Town Council has designated for specific purposes. Approximately 42%, or \$7,110,311, constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately 12%, or \$1,940,589, is restricted by outside parties to be used for specific purposes. The remaining 40%, or \$6,622,303, 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, 2018, the total fund balance of the General Fund was \$10,473,466, of which \$7,892,346 was unassigned. Unassigned fund balance represents approximately 16% of total General Fund revenues. Of the total fund balance, \$553,826 was assigned to meet fiscal year 2019 General Fund expenditures.

The fund balance of the General Fund was increased by \$1,266,705 in fiscal year 2018. The fiscal year 2018 annual budget for the Town's General Fund identified the appropriation of \$16,000 of reserves and carry forward of operating funds.

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 \$2,368,124.

Town of Bristol, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$823,471, primarily as a result of higher than anticipated property tax collections of \$333,115 and higher than anticipated State Aid primarily related directly to motor vehicle tax reimbursement of \$418,032. Actual expenditures for the year were \$442,400 more than budgeted, principally due to the increase in community service expenses and principal payments of debt service. Roughly \$52 thousand was spent in excess of the budget on building maintenance in both the Town and School buildings and roughly \$104 thousand was spent on motor vehicle replacement in excess of the anticipated budget. The current year also saw roughly \$48 thousand in unanticipated program revenue which led to \$48 thousand in program expenses.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$109,876,574, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, infrastructure and construction in progress.

Capital Assets (continued)

Several major additions to the Town's capital assets related to its governmental activities were made during the year, including the completion of pump station upgrades, sewer system repairs, road repair and paving, equipment for the public safety and public works departments, dock repairs, police patrol boats, school renovations, and HVAC improvements.

	Capital Asset Administration					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,862,607	\$ 13,857,558	\$ 810,278	\$ 810,278	\$ 14,672,885	\$ 14,667,836
Construction in progress	697,864	939,599	-	-	697,864	939,599
Building & improvements, net	21,945,727	22,154,835	13,641,341	13,325,290	35,587,068	35,480,125
Vehicles, net	2,664,454	2,349,273	-	-	2,664,454	2,349,273
Machinery and equipment, net	2,300,905	2,400,512	391,449	425,654	2,692,354	2,826,166
Infrastructure, net	21,781,447	21,041,412	-	-	21,781,447	21,041,412
Sewer lines	-	-	31,780,502	31,257,146	31,780,502	31,257,146
Total	<u>\$ 63,253,004</u>	<u>\$ 62,743,189</u>	<u>\$ 46,623,570</u>	<u>\$ 45,818,368</u>	<u>\$ 109,876,574</u>	<u>\$ 108,561,557</u>

Town of Bristol, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Capital Assets and Debt Administration (continued)

Long-term debt

On June 30, 2018, the Town has total bonded debt, loans and capital leases outstanding of \$56,305,386, of which \$27,383,333 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 \$84,235,994, which significantly exceeds the Town's current outstanding general obligation debt.

Town of Bristol's Outstanding Debt - Primary Government
General Obligation Bonds and Loans Payable

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 30,126,398	\$ 31,110,712	\$ 25,643,030	\$ 25,967,892	\$ 55,769,428	\$ 57,078,604
Capital leases	535,957	686,719	-	-	535,957	686,719
Accrued compensated absences	2,292,602	2,359,489	441,203	410,020	2,733,805	2,769,509
Net OPEB liability	9,367,345	9,955,594	-	-	9,367,345	9,955,594
Net pension liability	<u>20,416,939</u>	<u>19,659,814</u>	<u>-</u>	<u>-</u>	<u>20,416,939</u>	<u>19,659,814</u>
Total expenditures	<u>\$ 62,739,241</u>	<u>\$ 63,772,328</u>	<u>\$ 26,084,233</u>	<u>\$ 26,377,912</u>	<u>\$ 88,823,474</u>	<u>\$ 90,150,240</u>

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 2018 average unemployment rate for Bristol County, which includes the Town, is 3.0%. This compares with an unemployment rate of 3.6% for the State of Rhode Island and a national unemployment rate of 4.0%.
- \$553,826 of the General Fund fund balance was assigned to meet fiscal year 2019 General Fund expenditures.
- The Town's tax rate increased from \$14.92 to \$15.38 per thousand dollars of assessed value from the 2018 to the 2019 fiscal year. This was due primarily to increases in education aid.

Town of Bristol, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Component Unit

The Bristol Warren Regional School District is a component unit of the Town. Refer to separately issued financial statements.

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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District
ASSETS				
Cash and cash equivalents	\$ 12,093,756	\$ -	\$ 12,093,756	\$ 7,759,213
Pooled cash	(2,768,550)	2,768,550	-	-
Investments	4,366,559	-	4,366,559	-
Receivables, net:				
Personal property taxes	1,693,554	-	1,693,554	-
Intergovernmental	2,233,337	-	2,233,337	996,234
Assessments and user fees	-	240,251	240,251	-
Other	1,799,367	-	1,799,367	103,841
Other assets	253,551	-	253,551	-
Noncurrent assessments and user fees	-	292,863	292,863	-
Notes receivable:				
Mosaico	460,783	-	460,783	-
Capital assets:				
Capital assets not being depreciated	14,560,471	810,278	15,370,749	-
Capital assets being depreciated, net	48,692,533	45,813,292	94,505,825	31,636,310
Net non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,558,014</u>
Total capital assets	<u>63,253,004</u>	<u>46,623,570</u>	<u>109,876,574</u>	<u>35,194,324</u>
Total assets	<u>83,385,361</u>	<u>49,925,234</u>	<u>133,310,595</u>	<u>44,053,612</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding, net	668,922	-	668,922	764,045
Pension related outflows	<u>3,265,163</u>	<u>-</u>	<u>3,265,163</u>	<u>11,747,487</u>
Total assets and deferred outflows of resources	<u>\$ 87,319,446</u>	<u>\$ 49,925,234</u>	<u>\$ 137,244,680</u>	<u>\$ 56,565,144</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Statement of Net Position

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,582,113	\$ 492,337	\$ 2,074,450	\$ 1,174,651
Accrued interest payable	304,267	-	304,267	166,794
Unearned revenue	70,131	-	70,131	13,744
Current portion of compensated absences	213,553	60,511	274,064	90,735
Current portion of capital leases	98,918	-	98,918	-
Current portion of bonds and notes payable	2,143,516	2,192,461	4,335,977	2,203,874
Noncurrent liabilities:				
Portion due or payable in more than one year:				
Compensated absences	2,079,049	380,692	2,459,741	1,361,110
Capital leases	437,039	-	437,039	-
Bonds and notes payable	27,982,882	23,450,569	51,433,451	12,542,089
Net OPEB liability	9,367,345	-	9,367,345	17,698,998
Net pension liability	20,416,939	-	20,416,939	48,201,090
Total liabilities	64,695,752	26,576,570	91,272,322	83,453,085
DEFERRED INFLOWS OF RESOURCES				
Pension related inflows	390,276	-	390,276	4,924,096
OPEB related inflows	131,981	-	131,981	-
Total deferred inflows or resources	522,257	-	522,257	4,924,096
NET POSITION				
Net investment in capital assets	32,955,304	20,980,540	53,935,844	16,890,347
Restricted for:				
Capital projects	1,369,654	-	1,369,654	-
Expendable	4,496,786	-	4,496,786	-
Nonexpendable	2,696,452	-	2,696,452	-
Component unit	-	-	-	3,140,021
Unrestricted	(19,416,759)	2,368,124	(17,048,635)	(51,842,405)
Total net position	22,101,437	23,348,664	45,450,101	(31,812,037)
Total liabilities, deferred inflows or resources and net position	\$ 87,319,446	\$ 49,925,234	\$ 137,244,680	\$ 56,565,144

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Statement of Activities

For the Year Ended June 30, 2018

	<u>Net (Expense) Revenue and Changes in Net Position</u>							
	<u>Program Revenues</u>				<u>Primary Government</u>			<u>Component Unit</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Bristol Warren Regional School District</u>
Governmental Activities								
General government	\$ 5,006,877	\$ 2,177,893	\$ 13,109	\$ -	\$ (2,815,875)	\$ -	\$ (2,815,875)	\$ -
Public safety	9,541,818	1,095,385	135,611	849,373	(7,461,449)	-	(7,461,449)	-
Public works	6,790,282	682,438	46,125	137,298	(5,924,421)	-	(5,924,421)	-
Community services	3,334,896	278,405	1,115,801	10,626	(1,930,064)	-	(1,930,064)	-
Education	25,443,305	-	-	-	(25,443,305)	-	(25,443,305)	-
Interest on debt	1,042,081	-	-	-	(1,042,081)	-	(1,042,081)	-
Total governmental activities	<u>51,159,259</u>	<u>4,234,121</u>	<u>1,310,646</u>	<u>997,297</u>	<u>(44,617,195)</u>	<u>-</u>	<u>(44,617,195)</u>	<u>-</u>
Business-Type Activities								
Sewer	5,413,808	5,405,889	-	23,744	-	15,825	15,825	-
Total business-type activities	<u>5,413,808</u>	<u>5,405,889</u>	<u>-</u>	<u>23,744</u>	<u>-</u>	<u>15,825</u>	<u>15,825</u>	<u>-</u>
Total primary government	<u>56,573,067</u>	<u>9,640,010</u>	<u>1,310,646</u>	<u>1,021,041</u>	<u>(44,617,195)</u>	<u>15,825</u>	<u>(44,601,370)</u>	<u>-</u>
Component Units								
Bristol Warren Regional School District	59,991,733	53,415,773	7,328,173	1,634,203	-	-	-	2,386,416
Total component units	<u>59,991,733</u>	<u>53,415,773</u>	<u>7,328,173</u>	<u>1,634,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,386,416</u>
Total Town of Bristol	<u>\$ 116,564,800</u>	<u>\$ 63,055,783</u>	<u>\$ 8,638,819</u>	<u>\$ 2,655,244</u>	<u>\$ (44,617,195)</u>	<u>\$ 15,825</u>	<u>\$ (44,601,370)</u>	<u>\$ 2,386,416</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Statement of Activities

For the Year Ended June 30, 2018

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Bristol Warren Regional School District</u>
General revenues				
Property taxes	\$ 42,550,944	\$ -	\$ 42,550,944	\$ -
Grants and contributions not restricted to specific programs	2,466,477	-	2,466,477	-
Investment earnings	728,421	31,707	760,128	91,858
Miscellaneous	51,140	237,040	288,180	780,809
Total general revenues	<u>45,796,982</u>	<u>268,747</u>	<u>46,065,729</u>	<u>872,667</u>
Special item - amortization of premium	-	6,630	6,630	-
Special item - gain on disposal of assets	21,511	9,748	31,259	-
Transfers between funds	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total general revenues, special items, and transfers	<u>45,893,493</u>	<u>210,125</u>	<u>46,103,618</u>	<u>872,667</u>
Changes in net position	1,276,298	225,950	1,502,248	3,259,083
Net position - July 1, 2017, restated	<u>20,825,139</u>	<u>23,122,714</u>	<u>43,947,853</u>	<u>(35,071,120)</u>
Net position - June 30, 2018	<u>\$ 22,101,437</u>	<u>\$ 23,348,664</u>	<u>\$ 45,450,101</u>	<u>\$ (31,812,037)</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Governmental Funds

Balance Sheet

June 30, 2018

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,110,153	\$ 385,460	\$ 598,143	\$ 12,093,756
Pooled cash	(2,768,550)	-	-	(2,768,550)
Investments	88,608	-	4,277,951	4,366,559
Receivables:				
Property taxes, net	1,693,554	-	-	1,693,554
Intergovernmental	1,619,689	117,274	496,374	2,233,337
Other	1,690,251	65,900	43,216	1,799,367
Due from other funds	276,003	1,383,892	564,877	2,224,772
Other assets	12,113	241,438	-	253,551
Advance to other funds	147,369	-	-	147,369
Notes receivable:				
Mosaico	<u>236,033</u>	<u>-</u>	<u>224,750</u>	<u>460,783</u>
Total assets	<u>14,105,223</u>	<u>2,193,964</u>	<u>6,205,311</u>	<u>22,504,498</u>
Deferred outflows of resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 14,105,223</u>	<u>\$ 2,193,964</u>	<u>\$ 6,205,311</u>	<u>\$ 22,504,498</u>
Liabilities				
Accounts payable and accrued expenses	\$ 797,054	\$ 730,738	\$ 54,321	\$ 1,582,113
Due to other funds	1,251,643	490,494	482,635	2,224,772
Advance from general fund	-	-	147,369	147,369
Unearned revenue	<u>7,290</u>	<u>55,841</u>	<u>7,000</u>	<u>70,131</u>
Total liabilities	<u>2,055,987</u>	<u>1,277,073</u>	<u>691,325</u>	<u>4,024,385</u>
Deferred inflows of resources				
Deferred tax revenue	1,087,825	-	-	1,087,825
Taxes paid in advance	487,945	-	-	487,945
Deferred revenue	<u>-</u>	<u>28,965</u>	<u>227,327</u>	<u>256,292</u>
Total deferred inflows of resources	<u>1,575,770</u>	<u>28,965</u>	<u>227,327</u>	<u>1,832,062</u>
Fund balances				
Nonspendable				
Legally	-	-	577,617	577,617
Form	1,652,647	241,438	224,750	2,118,835
Restricted	-	1,369,654	4,496,786	5,866,440
Committed	374,647	-	-	374,647
Assigned	553,826	46,375	-	600,201
Unassigned	<u>7,892,346</u>	<u>(769,541)</u>	<u>(12,494)</u>	<u>7,110,311</u>
Total fund balance	<u>10,473,466</u>	<u>887,926</u>	<u>5,286,659</u>	<u>16,648,051</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 14,105,223</u>	<u>\$ 2,193,964</u>	<u>\$ 6,205,311</u>	<u>\$ 22,504,498</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 41,920,576	\$ -	\$ -	\$ 41,920,576
Intergovernmental	2,764,819	548,209	1,129,468	4,442,496
Licenses, permits, and fees	2,735,793	-	-	2,735,793
Other revenue	1,201,431	209,307	768,995	2,179,733
Investment Income	<u>347,651</u>	<u>4,022</u>	<u>376,748</u>	<u>728,421</u>
Total revenue	<u>48,970,270</u>	<u>761,538</u>	<u>2,275,211</u>	<u>52,007,019</u>
Expenditures				
General government	2,452,979	124,832	119,579	2,697,390
Public safety	8,605,216	27,520	77,013	8,709,749
Public works	5,309,496	509,213	205,363	6,024,072
Community services	1,970,281	-	907,066	2,877,347
Education	25,443,305	-	-	25,443,305
Insurance, payroll taxes and benefits	1,846,847	-	-	1,846,847
Debt service				
Principal	2,474,011	-	-	2,474,011
Interest and fees	932,945	-	-	932,945
Bond issuance costs	31,455	-	-	31,455
Capital outlay	<u>217,664</u>	<u>2,598,657</u>	<u>370,759</u>	<u>3,187,080</u>
Total expenditures	<u>49,284,199</u>	<u>3,260,222</u>	<u>1,679,780</u>	<u>54,224,201</u>
Excess (deficiency) of revenues over expenditures	(313,929)	(2,498,684)	595,431	(2,217,182)
Other financing sources (uses)				
Issuance of debt	1,435,000	47,209	-	1,482,209
Proceeds from sale of asset	18,711	2,800	-	21,511
Transfers in	413,729	118,003	-	531,732
Transfers out	<u>(286,806)</u>	<u>(111,353)</u>	<u>(58,573)</u>	<u>(456,732)</u>
Other financing sources (uses)	<u>1,580,634</u>	<u>56,659</u>	<u>(58,573)</u>	<u>1,578,720</u>
Excess of revenue and other sources over expenditures and other uses	1,266,705	(2,442,025)	536,858	(638,462)
Fund balance, July 1, 2017	<u>9,206,761</u>	<u>3,329,951</u>	<u>4,749,801</u>	<u>17,286,513</u>
Fund balance, June 30, 2018	<u>\$ 10,473,466</u>	<u>\$ 887,926</u>	<u>\$ 5,286,659</u>	<u>\$ 16,648,051</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances
to the Statement of Net Position
June 30, 2018

Total governmental fund balances	\$ 16,648,051
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	63,253,004
Other long-term liabilities related to net pension activity that are not available to pay for current-period expenditures and, therefore, are deferred outflows of resources in the funds.	
Pension, net	2,874,887
Bond refunding	668,922
Other long-term assets related to net OPEB activity that are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	(131,981)
Deferred governmental revenue recorded as government wide revenue	1,832,062
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(304,267)
Long-term liabilities are not due and payable in the current period period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(30,662,355)
Compensated absences	(2,292,602)
Net other postemployment benefits liability	(9,367,345)
Police - net pension liability	(12,180,925)
MERS - net pension liability	<u>(8,236,014)</u>
Net position of governmental activities	<u>\$ 22,101,437</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$ (638,462)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	509,815
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	332,026
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Long term debt activity	1,135,076
Deferred charges on bond refunding	(66,440)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(109,136)
The OPEB expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	456,268
Some expenses reported in the Statement of Activities, such as compensated absences do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	66,887
Some expenses reported in the Statement of Activities, such as state net pension liability do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(549,250)
MERS Retirement Plan	<u>139,514</u>
Change in net position of governmental activities	<u>\$ 1,276,298</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Enterprise Funds

Statement of Net Position

June 30, 2018

Assets

Current assets

Pooled cash	\$ 2,768,550
Assessments and user fees receivable	<u>240,251</u>

Total current assets	<u>3,008,801</u>
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Non-current assets

Assessments and user fees receivable, less current portion	292,863
Capital assets not being depreciated	810,278
Capital assets being depreciated, net	<u>45,813,292</u>

Total non-current assets	<u>46,916,433</u>
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Total assets	<u>49,925,234</u>
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Liabilities

Current liabilities

Accounts payable and accrued expenses	492,337
Compensated absences	60,511
Current portion of long-term debt	<u>2,192,461</u>

Total current liabilities	<u>2,745,309</u>
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Non-current liabilities

Compensated absences	380,692
Long term debt, net of current portion	<u>23,450,569</u>

Total non-current liabilities	<u>23,831,261</u>
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Total liabilities	<u>26,576,570</u>
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Net Position

Net investment in capital assets	20,980,540
Unrestricted	<u>2,368,124</u>

Total liabilities, deferred inflows of resources and net position	<u>\$ 49,925,234</u>
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The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Enterprise Funds

Statement Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2018

Operating revenues	
User fees	\$ 5,405,889
Other revenues	<u>237,040</u>
Total operating revenues	<u>5,642,929</u>
Operating expenses	
Salaries and benefits	1,794,111
Materials and supplies	216,344
Repairs and maintenance	255,140
Depreciation	1,891,907
Utilities	480,381
Administrative	16,156
Miscellaneous	<u>91,121</u>
Total operating expenses	<u>4,745,160</u>
Operating income (loss)	<u>897,769</u>
Nonoperating revenues (expenses)	
Interest revenue	31,707
Interest expense	(668,648)
Amortization of debt premium	6,630
Gain on disposal of assets	<u>9,748</u>
Total nonoperating revenue (expenses)	<u>(620,563)</u>
Income (loss) before capital contributions and transfers	<u>277,206</u>
Transfers	
Capital contributions, sewer assessments	23,744
Transfer to other funds	<u>(75,000)</u>
Change in net position	225,950
Total net position, July 1, 2017	<u>23,122,714</u>
Total net position, June 30, 2018	<u>\$ 23,348,664</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2018

Cash flows from operating activities

Cash received from customers	\$ 5,450,943
Cash due from other sources	237,040
Cash paid for salaries and benefits	(1,919,256)
Cash paid to suppliers	<u>(1,059,142)</u>

Net cash provided (used) by operating activities 2,709,585

Cash flows from noncapital financing activities

Transfers to other funds	<u>(75,000)</u>
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Net cash provided by noncapital financing activities (75,000)

Cash flows from capital and related financing activities

Capital contributions	23,744
Acquisition and construction of fixed assets	(2,697,109)
Drawn proceeds from State	1,775,911
Gain on disposal	9,748
Principal paid on bonds and notes	(2,094,143)
Interest paid on bonds and notes	<u>(668,648)</u>

Net cash used by capital and related financing activities (3,650,497)

Cash flows from investing activities:

Interest received	<u>31,707</u>
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Net cash used by investing activities 31,707

Net increase in cash and cash equivalents (984,205)

Balances-beginning of the year 3,752,755

Balances-end of the year \$ 2,768,550

Displayed as:

Pooled cash \$ 2,768,550

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$	897,769
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		1,891,907
Change in assets and liabilities:		
(Increase) decrease in user charges receivables, net		45,054
Increase (decrease) in compensated absences		31,183
Increase (decrease) accounts payable and accrued expenses		<u>(156,328)</u>
Net cash provided (used) by operating activities	\$	<u><u>2,709,585</u></u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Fiduciary Funds

Statement of Net Position

June 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 342,673	\$ 829,404	\$ 235,111
Investments, at fair value	23,772,089	4,578,749	-
Cash surrender value of life insurance	1,280,080	-	-
Receivables:			
Investment income	-	24,675	-
Contributions, employer	3,241	-	-
Other	-	-	42,251
Prepaid expenses	143,803	-	-
 Total assets	 25,541,886	 5,432,828	 277,362
 Liabilities			
Accounts payable	\$ 12,590	\$ 6,000	\$ -
Deposits held	-	-	277,362
 Total liabilities	 12,590	 6,000	 277,362
 Net Position			
Restricted for pension benefits	16,767,838	-	-
Restricted for OPEB benefits	8,761,458		
Held in trust for other purposes	-	5,426,828	-
 Total net position	 25,529,296	 5,426,828	 -
 Total liabilities and net position	 \$ 25,541,886	 \$ 5,432,828	 \$ 277,362

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions		
Employer contributions	\$ 2,666,007	\$ -
Plan member contributions	83,193	-
Investment income (net of related fees)	1,855,741	400,070
Other	-	41,151
Total additions	<u>4,604,941</u>	<u>441,221</u>
Deductions		
Benefits paid	2,875,958	-
Administrative expenses	2,494	-
Trust expenses	-	154,288
Total deductions	<u>2,878,452</u>	<u>154,288</u>
Changes in net position	1,726,489	286,933
Net position, July 1, 2017	<u>23,802,807</u>	<u>5,139,895</u>
Net position, June 30, 2018	<u>\$ 25,529,296</u>	<u>\$ 5,426,828</u>

The accompanying notes are an integral part of this statement

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

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. Certain immaterial differences in the accompanying financial statements may exist due to rounding.

Financial 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 (the "District") has been presented as component unit of the Town in the accompanying government-wide financial statements.

The District operates the schools within the Towns of Bristol and Warren in Rhode Island. 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 70% 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.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

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 Town except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange 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.

Fund financial statements:

Fund financial statements of the Town are organized into funds, each of which is considered to be 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 expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets both of the following criteria:

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

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

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

All remaining governmental and enterprise funds are aggregated and reported as non-major 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 activities except those legally or administratively required to be accounted for in other funds. The General Fund is the only fund that operates a positive unassigned fund balance.

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 expenditures for specific 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 for the acquisition or construction of specific capital projects or items. The Town's aggregate Capital Project Funds are classified as a major fund.

Permanent funds:

Permanent funds account for and report assets held by the Town where the principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Town's permanent funds are all non-major funds.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

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. The following fiduciary funds are used by the Town:

Police retirement trusts:

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. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town’s Retiree Benefits Plan and additions to/deductions from the Town’s fiduciary net position have been determined on the same basis as they are reported by the Town. For this purpose, the Town recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Private purpose trust:

The Town’s 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 \$577,617 required to be preserved as capital.

Agency:

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

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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). 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, federal impact aid, state aid, meals and hotel 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 recognized 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 actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Prior to expenditure, proceeds are recorded as unearned revenues.

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 non-operating 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 funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Use of estimates:

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

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, 2018, the Town adopted 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 requires more extensive footnote disclosures in employer financial statements. GASB Statement numbers 81 – Irrevocable Split-Interest Agreements, 85 – Omnibus, and 86 – Certain Debt Extinguishment Issues were implemented in the current year but did not have a material impact on the financial statements.

Recently issued accounting pronouncements not yet effective:

Effective for the fiscal year ending June 30, 2021, the Town will be required to adopt the provisions of Statement No. 87 of the GASB, *Leases* ("GASB 87"). GASB 87 requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town is currently evaluating the effects of GASB 87 on its financial statements. The following GASB standards will also be evaluated by the Town: 1. GASB 83 – Certain Asset Retirement Obligations, 2. GASB 84 – Fiduciary Activities, 3. GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, 4. GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period, and 5. GASB 90 Majority Equity Interests.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

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 Law, 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.

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but 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."

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

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 assets lives are not capitalized. 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.

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
Machinery and equipment	3-30
Vehicles	3-25
Sewer lines	50-100
Infrastructure	20-65

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

Deferred inflows and outflows of resources:

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

Bond issuance costs:

Bond issuance costs for governmental funds, government-wide operations and enterprise funds are recognized as expenditures/expenses in the current period.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Compensated absences:

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are 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 another financing source. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

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

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Fund equity (continued):

Governmental fund financial statements:

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

Non-spendable – 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.

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

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 due dates are subject to interest and penalties. Failure to make payments by March 10 may result in a lien on the taxpayer's property.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

For 2018, 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

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.

Municipal Employees' Retirement System (MERS) of Rhode Island

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

2. Cash, cash equivalents and investments:

Cash and cash equivalents (deposits):

At June 30, 2018, the carrying amount of the Town's deposits, excluding the component unit and including \$8,029,071 of cash equivalents, was \$13,500,944 and the bank balance was \$14,456,259. The carrying amount includes \$1,407,188 in fiduciary funds.

At June 30, 2018, the Town's deposits, including \$1,407,188 held in fiduciary funds, are categorized as follows:

	Insured/ collateralized in Town's name	Uninsured	Total bank balance	Carrying amount
Deposits:				
Demand deposits	\$ 6,427,188	\$ -	\$ 6,427,188	\$ 5,471,873
Money market	8,029,071	-	8,029,071	8,029,071
	\$ 14,456,259	\$ -	\$ 14,456,259	\$ 13,500,944

At June 30, 2018, the carrying amount of the School District's deposits were \$8,074,161 and the bank balance was \$11,311,424, of which \$250,000 was insured. The uninsured balance was collateralized with securities held by the pledging financial institution.

Investments:

Investments are measured using the following inputs at June 30, 2018:

	Level 1	Level 2	Level 3	Total
U.S. Government securities, Treasury Notes	\$ 586,747	\$ -	\$ -	\$ 586,747
Municipal taxable bonds	523,052	-	-	523,052
Corporate bonds	-	183,473	-	183,473
Common stocks	4,214,913	-	-	4,214,913
Bond mutual funds	9,298,389	-	-	9,298,389
Other mutual funds	17,910,823	-	-	17,910,823
Total investments by fair value level	\$ 32,533,924	\$ 183,473	\$ -	32,717,397

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

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

Investments:

Investments are measured using the following inputs at June 30, 2018:

<u>Description</u>	<u>Fair value</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Rating</u>
U.S. Government securities, United States Treasury Notes	\$ 586,747	3.5-3.63%	2/15/18-2/15/19	Aaa
Municipal taxable bonds	77,820	4-5.10%	5/1/23-5/1/41	Aa1
	83,047	5.4-6.27%	12/1/24-3/1/31	Aa2
	54,140	5.85-6.25%	1/1/28-7/15/30	Aa3
	80,929	4.020%	9/15/2023	A1
	155,808	6.600%	4/1/2030-2020	A2
	25,829	6.880%	5/15/2019	A3
	45,479	4.070%	6/15/2024-2023	Not rated
Corporate bonds	40,835	5-8.125%	2/1/17-2/15/19	Ba1
	142,638	2.88-8.75%	5/15/18-11/30/39	Baa1
Common stocks	4,214,913	N/A	N/A	N/A
Bond mutual funds	9,298,389	N/A	N/A	N/A
Other mutual funds	<u>17,910,823</u>	N/A	N/A	N/A
	<u>\$32,717,397</u>			

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.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

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

Investments:

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, 2018, 2% of the Town's investments subject to credit risk were rated AAA, 2% were rated less than AAA, and 96% 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, 2018, the Town had a diversified portfolio with approximately 96% 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 Financial Statements

For the Year Ended June 30, 2018

3. 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, 2018 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
<i>Major Governmental Funds:</i>		
General fund	\$ 276,003	\$ 1,251,643
Capital Projects	<u>1,383,892</u>	<u>490,494</u>
<i>Total Major Governmental Funds</i>	<u>1,659,895</u>	<u>1,742,137</u>
<i>Non-major Governmental Funds</i>		
Special revenue funds	564,877	450,947
Permanent funds	<u>-</u>	<u>31,688</u>
<i>Total Non-Major Governmental Funds</i>	<u>564,877</u>	<u>482,635</u>
<i>Total governmental funds</i>	<u>2,224,772</u>	<u>2,224,772</u>
<i>Total All Funds</i>	<u><u>\$2,224,772</u></u>	<u><u>\$2,224,772</u></u>

	<u>Advances to</u>	<u>Advances from</u>
<u>Governmental Funds:</u>		
<i>Major Governmental Funds:</i>		
General Fund	\$ -	\$ 147,369
<i>Non-Major Governmental Funds:</i>		
Permanent Funds	<u>147,369</u>	<u>-</u>
<i>Total All Funds</i>	<u><u>\$ 147,369</u></u>	<u><u>\$ 147,369</u></u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

3. Interfund transactions (continued):

Operating transfers between funds for the year ended June 30, 2018 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
<i>Major Governmental Funds:</i>		
General Fund	\$ 413,729	\$ 286,806
Capital Projects	118,003	111,353
<i>Non-Major Governmental Funds:</i>		
Special Revenue	-	4,572
Permanent Funds	-	54,001
<i>Enterprise Funds:</i>		
Sewer	-	<u>75,000</u>
<i>Total All Funds</i>	<u>\$ 531,732</u>	<u>\$ 531,732</u>

4. Notes receivable:

Mosaico Business and 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 have not yet been collected by the Town. The town renegotiated, and the loan has been extended under the same terms until December 31, 2020. The note is secured by a first priority mortgage at 500 Wood Street, Bristol, RI (the mortgaged premises). At June 30, 2018, \$236,033 was outstanding on the note.

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 were for fire and safety and building code compliance improvements at the mortgaged premises. At June 30, 2018, \$224,750 was outstanding on the note.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

5. Capital assets:

	Beginning balances	Increases	Decreases	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,857,558	\$ 5,049	\$ -	\$ 13,862,607
Construction in progress	939,599	406,270	648,005	697,864
Total capital assets not being depreciated	14,797,157	411,319	648,005	14,560,471
Capital assets being depreciated:				
Buildings and improvements	31,512,997	718,510	-	32,231,507
Vehicles	7,310,882	819,943	151,123	7,979,702
Machinery and equipment	4,878,922	181,854	59,056	5,001,720
Infrastructure	33,767,015	1,803,201	-	35,570,216
Total capital assets being depreciated	77,469,816	3,523,508	210,179	80,783,145
Less accumulated depreciation for:				
Buildings and improvements	9,358,162	927,618	-	10,285,780
Vehicles	4,961,609	504,762	151,123	5,315,248
Machinery and equipment	2,478,410	277,368	54,963	2,700,815
Infrastructure	12,725,603	1,063,166	-	13,788,769
Total accumulated depreciation	29,523,784	2,772,914	206,086	32,090,612
Total capital assets being depreciated, net	47,946,032	750,594	4,093	48,692,533
Governmental activities capital assets, net	\$ 62,743,189	\$ 1,161,913	\$ 652,098	\$ 63,253,004
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	50,944,198	1,318,656	-	52,262,854
Building and improvements	16,581,825	1,318,453	-	17,900,278
Equipment	1,750,008	60,000	72,645	1,737,363
Total capital assets being depreciated	69,276,031	2,697,109	72,645	71,900,495
Less accumulated depreciation for:				
Sewer lines	19,687,052	795,300	-	20,482,352
Building and improvements	3,256,535	1,002,402	-	4,258,937
Equipment	1,324,354	94,205	72,645	1,345,914
Total accumulated depreciation	24,267,941	1,891,907	72,645	26,087,203
Total capital assets being depreciated, net	45,008,090	805,202	-	45,813,292
Business type activities capital assets, net	\$ 45,818,368	\$ 805,202	\$ -	\$ 46,623,570

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

5. 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	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Buildings and improvements	70,468,977	2,567,244	-	73,036,221
Equipment	2,919,934	221,929	-	3,141,863
Vehicles	267,727	29,860	-	297,587
Furniture	369,995	-	-	369,995
Total capital assets being depreciated	<u>74,026,633</u>	<u>2,819,033</u>	<u>-</u>	<u>76,845,666</u>
Less accumulated depreciation for:				
Buildings and improvements	40,228,540	2,163,932	-	42,392,472
Equipment	1,895,842	337,966	-	2,233,808
Vehicles	243,350	34,035	-	277,385
Furniture	291,599	14,092	-	305,691
Total accumulated depreciation	<u>42,659,331</u>	<u>2,550,025</u>	<u>-</u>	<u>45,209,356</u>
Total capital assets being depreciated, net	<u>31,367,302</u>	<u>269,008</u>	<u>-</u>	<u>31,636,310</u>
Component unit capital assets, net	<u>\$ 31,367,302</u>	<u>\$ 269,008</u>	<u>\$ -</u>	<u>\$ 31,636,310</u>
Depreciation was charged to functions as follows:				
Governmental activities:				
General government		\$ 169,202		
Public safety		992,083		
Public works		1,097,085		
Community services		514,544		
		<u>\$ 2,772,914</u>		
Business type activities:				
Sewer Fund		<u>\$ 1,891,907</u>		
Component unit:				
Education		<u>\$ 2,550,025</u>		

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

6. 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	\$ 603,928	\$ 60,406	\$ 132,720	\$ -	\$ 797,054
Capital Projects Fund	730,738	-	-	-	730,738
Nonmajor funds	54,321	-	-	-	54,321
Reconciliation of balances in fund financial statements to government- wide financial statements	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,267</u>	<u>304,267</u>
	1,388,987	60,406	132,720	304,267	1,886,380
Business-type activities:					
Sewer	<u>274,980</u>	<u>-</u>	<u>4,848</u>	<u>212,509</u>	<u>492,337</u>
Total primary government	<u>\$1,663,967</u>	<u>\$ 60,406</u>	<u>\$ 137,568</u>	<u>\$516,776</u>	<u>\$2,378,717</u>
Component unit:					
Bristol Warren Regional School District	<u>\$1,174,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$166,794</u>	<u>\$1,341,445</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-term obligations:

Changes in long-term obligations during the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due within one year
Governmental activities:					
Bonds and loans payable:					
Bonds and loans	\$ 29,357,775	\$ 1,435,000	\$ 2,323,247	\$ 28,469,528	\$ 2,387,988
Deferred amounts:					
For issuance premiums	1,803,268	-	145,976	1,657,292	(145,976)
Discounts on refunding	(3,122)	-	(2,700)	(422)	422
Less undrawn loan proceeds held by the State	(47,209)	-	47,209	-	
Total bonds and loans payable	<u>31,110,712</u>	<u>1,435,000</u>	<u>2,513,732</u>	<u>30,126,398</u>	<u>2,242,434</u>
Capital Lease	686,719	-	150,762	535,957	98,918
Less undrawn loan proceeds	-	-	-	-	
	<u>686,719</u>	<u>-</u>	<u>150,762</u>	<u>535,957</u>	<u>98,918</u>
Accrued compensated absences	<u>2,359,489</u>	<u>213,553</u>	<u>280,440</u>	<u>2,292,602</u>	<u>213,553</u>
Total long-term obligations	<u>\$ 34,156,920</u>	<u>\$ 1,648,553</u>	<u>\$ 2,944,934</u>	<u>\$ 32,954,957</u>	<u>\$ 2,554,905</u>
Business-type activities:					
Bonds and loans payable:					
Bonds and loans	\$ 28,401,531	\$ 2,222,500	\$ 2,094,142	\$ 28,529,889	\$ 2,138,580
Deferred amounts for issuance premiums	132,607	-	6,630	125,977	(6,630)
Less undrawn loan proceeds held by the State	(2,566,246)	(2,222,500)	(1,775,910)	(3,012,836)	-
Total bonds and loans payable	<u>25,967,892</u>	<u>-</u>	<u>324,862</u>	<u>25,643,030</u>	<u>2,131,950</u>
Compensated absences	<u>410,020</u>	<u>91,694</u>	<u>60,511</u>	<u>441,203</u>	<u>60,511</u>
Total long-term obligations	<u>\$ 26,377,912</u>	<u>\$ 91,694</u>	<u>\$ 385,373</u>	<u>\$ 26,084,233</u>	<u>\$ 2,192,461</u>
Component unit:					
General obligation debt	\$ 14,855,000	\$ -	\$ 1,990,000	\$ 12,865,000	\$ 2,010,000
Deferred amounts for issuance premium(discount)	(2,074,837)	-	(193,874)	(1,880,963)	(193,874)
Compensated absences	1,514,232	90,375	152,762	1,451,845	90,735
Total long-term obligations	<u>\$ 14,294,395</u>	<u>\$ 90,375</u>	<u>\$ 1,948,888</u>	<u>\$ 12,435,882</u>	<u>\$ 1,906,861</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-term obligations (continued):

General obligation bonds, loans payable and capital leases outstanding at June 30, 2018, are as follows:

Purpose	Authorized and Issued	Date of Issue	Interest Rate	Date of Maturity	Balance June 30, 2017	New Issues	Maturities	Balance June 30, 2018
Governmental Activities:								
General obligation bonds payable:								
Library, Colt School, Burial ground, Roads, Public Safety, Open Space	\$ 12,210,000	2/15/2009	2-4.375%	2/15/2029	\$ 1,125,000	\$ -	\$ 550,000	\$ 575,000
Roads, Open Space, Drainage	1,750,000	2/15/2010	3-4.5%	2/15/2030	1,225,000	-	75,000	1,150,000
Refunding bond	1,700,000	2/15/2010	1.7-2.9%	8/15/2019	315,000	-	140,000	175,000
Roads, Public Safety, Open Space, Drainage	5,720,000	2/17/2011	3-4.2%	2/15/2031	3,675,000	-	260,000	3,415,000
Animal Shelter	2,000,000	6/6/2012	3.410%	12/15/2027	1,466,667	-	133,333	1,333,334
Roads, Public Buildings, Open Space, Recreation	2,560,000	11/20/2013	3-4.0%	11/15/1933	2,255,000	-	90,000	2,165,000
Refunding bond (Series 05, 06, 07)	5,540,000	3/31/2015	2-3.0%	2/15/2027	5,275,000	-	590,000	4,685,000
Capital Improvement Projects	1,600,000	3/31/2015	2-3.25%	3/15/1935	1,515,001	-	85,000	1,430,001
Roads, Public Buildings, Open Space, Drainage, Equip	2,455,000	6/21/2017	3-5%	6/15/1938	2,455,000	-	70,000	2,385,000
Refunding bond (Series 09)	6,905,000	6/21/2017	3-5%	2/15/2029	6,905,000	-	60,000	6,845,000
Refunding bond - taxable bonds (Series 11, 13)	683,000	6/21/2017	3-4%	2/15/1931	683,000	-	60,000	623,000
Public Buildings and Docks - taxable bonds	147,000	6/21/2017	3-4%	2/15/2028	147,000	-	-	147,000
School Litigation Bond	1,435,000	10/18/2017	2.350%	10/15/2027	-	1,435,000	-	1,435,000
Loans payable:								
RI Clean Water Protection Finance Agency:								
Landfill - GF series 98-1	1,200,000	9/1/1997	2.71700%	9/1/2017	80,934	-	80,934	-
Water pollution control Series 09A	1,000,000	10/9/2009	.36-2.04%	9/1/2029	588,173	-	39,980	548,193
Road & Bridge Fund Loan Series 2015	500,000	5/14/2015	1.75000%	9/1/1934	472,000	-	27,000	445,000
Road & Bridge Fund Loan Series 2016	1,175,000	3/31/2016	.33-2.27%	9/1/1935	1,175,000	-	62,000	1,113,000
Capital Leases Payable:								
Rescue Truck	329,921	4/20/2011	3.89000%	4/20/2018	52,796	-	52,796	-
Heavy Rescue Truck	264,000	7/29/2013	3.67000%	7/29/2023	195,023	-	24,816	170,207
Public Works Pooled Equipment	512,032	1/22/2016	1.90000%	1/22/2023	438,900	-	73,150	365,750
Total	<u>\$ 49,685,953</u>				<u>30,044,494</u>	<u>1,435,000</u>	<u>2,474,009</u>	<u>29,005,485</u>
Less undrawn loan proceeds held by State, available for road and bridget projects					<u>(47,209)</u>	<u>-</u>	<u>47,209</u>	<u>-</u>
					<u>\$ 29,997,285</u>	<u>\$ 1,435,000</u>	<u>\$ 2,521,218</u>	<u>\$ 29,005,485</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-term obligations (continued):

General obligation bonds, loans payable and capital leases outstanding at June 30, 2018, are as follows:

Purpose	Authorized and Issued	Date of Issue	Interest Rate	Date of Maturity	Balance June 30, 2017	New Issues	Maturities	Balance June 30, 2018
Business-type activities:								
General obligation bonds payable:								
Sewer System Improvements	1,100,000	6/21/2017	3-5%	6/15/1937	\$ 1,100,000	\$ -	\$ 80,000	\$ 1,020,000
Loans payable:								
RI Clean Water Protection Finance Agency:								
Water pollution control Series 99C	3,700,000	8/25/1999	2.82800%	9/1/2019	721,975	-	233,978	487,997
Water pollution control Series 02A	4,695,000	4/25/2002	1.25450%	9/1/2022	1,708,736	-	264,107	1,444,629
Water pollution control Series 04A	1,000,000	12/30/2004	.95-1.525	9/1/2024	442,000	-	52,000	390,000
Water pollution control Series 05A	3,655,000	12/15/2005	1.15-1.555%	9/1/2025	1,815,000	-	186,000	1,629,000
Water pollution control Series 06A	3,700,000	12/21/2006	1.205-1.385%	9/1/2027	2,194,000	-	182,000	2,012,000
Water pollution control Series 07A	3,245,000	12/12/2007	1.175-1.630%	9/1/2028	2,092,000	-	156,000	1,936,000
Water pollution control Series 09A	2,600,000	10/9/2009	.36-2.04%	9/1/2029	1,633,820	-	111,057	1,522,763
Water pollution control Series 10B	3,970,000	6/24/2010	.61-3.25%	9/1/2031	3,162,000	-	171,000	2,991,000
Water pollution control Series 11A	3,070,000	3/29/2011	.42-3033%	9/1/2031	2,444,000	-	132,000	2,312,000
Water pollution control Series 12A	2,395,000	6/28/2012	.21-2.71%	9/1/2032	1,988,000	-	105,000	1,883,000
Water pollution control Series 13A	2,600,000	6/6/2013	.19-2.51%	9/1/2033	2,267,000	-	113,000	2,154,000
Water pollution control Admin Loan 14	2,000,000	4/21/2014	.17-2.65%	9/1/2034	1,833,000	-	85,000	1,748,000
Water pollution control Admin Loan 16	2,500,000	8/19/2015	.59-2.59%	9/1/2035	2,500,000	-	109,000	2,391,000
Water pollution control Series 16B	2,500,000	6/2/2016	.31-2.24%	9/1/2035	2,500,000	-	114,000	2,386,000
Water pollution control Series 18A	2,222,500	4/9/2018	1.01-2.37%	9/1/2037	-	2,222,500	-	2,222,500
	<u>\$ 43,852,500</u>				28,401,531	2,222,500	2,094,142	28,529,889
Less undrawn loan proceeds held by the State, available for sewer projects					<u>(2,566,246)</u>	<u>(2,222,500)</u>	<u>1,775,911</u>	<u>(3,012,835)</u>
					<u>\$ 25,835,285</u>	<u>\$ -</u>	<u>\$ 3,870,053</u>	<u>\$ 25,517,054</u>
Component unit:								
General obligation bonds								
Schools	\$ 12,200,000	5/14/2008	2.5-5%	4/1/2028	\$ 580,000	\$ -	\$ 580,000	\$ -
Schools	8,430,000	3/28/2009	2-5%	7/15/2018	1,890,000	-	930,000	960,000
Schools	12,540,000	8/10/2016	2-5%	4/1/2028	12,385,000	-	480,000	11,905,000
	<u>\$ 33,170,000</u>				<u>\$ 14,855,000</u>	<u>\$ -</u>	<u>\$ 1,990,000</u>	<u>\$ 12,865,000</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-term obligations (continued):

At June 30, 2018, 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:

Governmental Activities			
	Principal	Interest	Total
2019	\$ 2,486,906	1,033,294	\$ 3,520,200
2020	2,428,833	945,266	3,374,099
2021	2,400,533	863,706	3,264,239
2022	2,446,762	776,943	3,223,705
2023	2,473,542	688,193	3,161,735
2024-2028	11,579,389	2,073,800	13,653,189
2029-2033	4,179,520	477,580	4,657,100
2034-2038	1,010,000	67,635	1,077,635
	\$ 29,005,485	\$ 6,926,417	\$ 35,931,902

Business-Type Activities			
	Principal	Interest	Total
2019	\$ 2,138,579	\$ 644,923	\$ 2,783,502
2020	2,279,178	627,300	2,906,478
2021	2,069,083	589,178	2,658,261
2022	2,114,002	541,785	2,655,787
2023	2,154,822	494,701	2,649,523
2024-2028	9,203,282	1,772,208	10,975,490
2029-2033	6,489,443	688,540	7,177,983
2034-2038	2,081,500	115,715	2,197,215
	\$ 28,529,889	\$ 5,474,350	\$ 34,004,239

Component unit			
	Principal	Interest	Total
2019	\$ 2,010,000	\$ 553,650	\$ 2,563,650
2020	1,090,000	496,050	1,586,050
2021	1,130,000	452,450	1,582,450
2022	1,180,000	407,250	1,587,250
2023	1,225,000	360,050	1,585,050
2024-2028	6,230,000	8,401,000	14,631,000
	\$ 12,865,000	\$ 10,670,450	\$ 23,535,450

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-term obligations (continued):

General obligation bonds and loan 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 Law caps the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds approved pursuant to special acts or financed from non-tax revenues; additional special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2017 was \$2,807,866,464 limiting the amount of non-excepted general obligation bonds outstanding to \$84,235,994. At June 30, 2018, bonds outstanding, excluding component units, totaled \$27,383,333.

8. 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, 2018, 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 \$846,780 for the year ended June 30, 2018. 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 \$144,301 for the year ended June 30, 2018. Death benefits are split between the Trust and the employee's estate, with \$15,000 going to the employee's estate if the employee dies in active service; \$10,000 if the employee has retired. The balance is retained by the Trust.

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

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Benefits and employee contributions (continued):

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

Covered participants

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	138	117	255

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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.

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:

Description	Assumption
Single Equivalent Discount Rate	6.75%, net of OPEB plan investment expense, including inflation.
Inflation	2.75% as of June 30, 2018 and for future periods
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation.
Salary increases	4.25% annually as of June 30, 2018 and for future periods

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Investment Policy

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	16.70%	0.52%	0.51%
US Core Fixed Income	17.00%	2.65%	2.51%
US Credit Bonds	2.55%	3.47%	3.24%
US Large Caps	12.75%	4.57%	3.37%
US Small & Mid Caps	8.50%	5.66%	3.86%
US Large Growth	12.75%	5.27%	3.76%
US Large Value	12.75%	4.45%	3.23%
Foreign Developed Equity	<u>17.00%</u>	5.79%	4.15%
Total	<u>100%</u>		
Assumed Inflation - Mean		2.75%	2.75%
Assumed Inflation - Standard Deviation		1.85%	1.85%
Portfolio Real Mean Return		3.91%	3.34%
Portfolio Nominal Mean Return		6.68%	6.17%
Portfolio Standard Deviation			10.57%
Long-Term Expected Rate of Return			6.75%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Changes in Net OPEB Liability

		Increase (Decrease)	
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 17,765,838	\$ 7,810,244	\$ 9,955,594
Service cost	361,004	-	361,004
Interest on net OPEB liability and service cost	1,184,309	-	1,184,309
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	(1,182,348)	(1,182,348)	-
Trust administrative expenses	-	-	-
Contributions - employer	-	1,350,016	(1,350,016)
Contributions - active employees	-	83,193	(83,193)
Net investment income	-	700,353	(700,353)
Net changes	<u>362,965</u>	<u>951,214</u>	<u>(588,249)</u>
Balances at June 30, 2018	<u>\$ 18,128,803</u>	<u>\$ 8,761,458</u>	<u>\$ 9,367,345</u>

Net OPEB Liability

The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

Total OPEB liability	\$ 18,128,803
Plans fiduciary net position	<u>8,761,458</u>
Town's net OPEB liability	<u>\$ 9,367,345</u>

Plan net position as a percentage of the total OPEB liability	48.33%
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Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2018 the Town recognized OPEB expense of \$893,748. At June 30, 2018 the Town deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred inflows of resources	
Differences between actual and expected experience	\$ (131,981)
Total	\$ (131,981)

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

Year ended June 30:	
2019	\$ (32,995)
2020	(32,995)
2021	(32,995)
2022	(32,996)
Thereafter	-

Sensitivity of the net OPEB liability to changes in the discount rate

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

	Impact of 1% Change in Discount Rate		
	1% Decrease (5.75%)	Current discount rate (6.75%)	1% Increase (7.75%)
Total OPEB liability	11,174,496	9,367,345	7,787,149

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Sensitivity of the net OPEB liability to changes in the discount rate (continued)

The following presents the net OPEB liability of the Town, as well as what the Authority's net OPEB liability would be if it were calculated using health care cost 79 trend rates that are 1 percentage-point lower or 1 percentage point higher than the current discount rate:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease	Current trend rate	1% Increase
Total OPEB liability	7,526,664	9,367,345	11,524,767

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investment, net of investment expense was 8.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>June 30, 2018</u>
Annual money-weighted rate of return, net of investment expense	8.80%

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, 2018, 215 retirees received benefits under this plan.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Component Unit (continued):

Plan description

The District established the Postemployment Benefits ("OPEB") Plan (the "Plan") on December 31, 1994. The Plan, a single-employer defined benefit plan, provides postemployment health care benefits to all District 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, 2018, 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 School District will pay a percentage of the cost 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 School 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 School District as well as the former Bristol and Warren School Departments. The School District funds these benefits on a pay as you go basis.

Covered participants

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Participants	48	167	215

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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 Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Component Unit (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:

Description	Assumption
Single Equivalent Discount Rate	3.87%, net of OPEB plan investment expense, including inflation.
Inflation	2.50% as of June 30, 2018 and for future periods
Investment rate of return	3.87%, net of OPEB plan investment expense, including inflation.
Salary increases	3.00% annually as of June 30, 2018 and for future periods

Investment Policy

As there are no plan assets, the District does not have a corresponding investment policy.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2018 were as follows:

Total OPEB liability	\$ 17,698,998
Plans fiduciary net position	<u>-</u>
Town's net OPEB liability	<u>\$ 17,698,998</u>
Plan net position as a percentage of the total OPEB liability	0.00%

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Postemployment benefits (continued):

Component Unit (continued):

Changes in Net OPEB Liability

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 20,365,429	\$ -	\$ 20,365,429
Service cost	114,534	-	114,534
Interest on net OPEB liability and service cost	708,110	-	708,110
Differences between actual and expected experience	(1,790,243)	-	(1,790,243)
Changes in assumptions	(285,700)	-	(285,700)
Benefit payments, including refunds	(1,413,132)	(1,413,132)	-
Contributions - employer	-	1,413,132	(1,413,132)
Contributions - active employees	-	-	-
Net investment income	-	-	-
Net changes	<u>(2,666,431)</u>	<u>-</u>	<u>(2,666,431)</u>
Balances at June 30, 2018	<u>\$ 17,698,998</u>	<u>\$ -</u>	<u>\$ 17,698,998</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Town, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (2.87%)	Current discount rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 19,484,236	\$ 17,698,998	\$ 16,181,471

The following presents the net OPEB liability of the Town, as well as what the Authority's net OPEB liability would be if it were calculated using health care cost 79 trend rates that are 1 percentage-point lower or 1 percentage point higher than the trend rate:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (4.00%)	Current trend rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 16,222,856	\$ 17,698,998	\$ 19,409,234

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. 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 fulltime employees of the Police Department hired prior to March 22, 1998. The MERS Plan covers all other eligible employees. Total covered payroll under both plans during the year ended June 30, 2018, was \$8,264,568.

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 the year ended June 30, 2018, was \$4,442,016 under the MERS and \$20,705,491 under the ERS.

MERS Plan

Plan description:

The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

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

Benefits Provided:

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/ or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/ or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Retirement eligibility and plan benefits (continued):

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Compensation: Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Subsequent to June 30, 2015, 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. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015, measurement date and are reflected in the summary of benefit provisions described below.

General employees:

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Retirement eligibility and plan benefits (continued):

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and fire employees:

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Retirement eligibility and plan benefits (continued):

member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

Other benefit provisions:

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Employees covered by benefit terms

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries	79	1	2
Active members	97	38	1
Inactive, nonretired members	<u>16</u>	<u>3</u>	<u>0</u>
Total	<u>192</u>	<u>42</u>	<u>3</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The Town of Bristol 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 Town of Bristol contributed \$858,678 in the year ended June 30, 2018 which was 11.14% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Entry Age Normal - the individual Entry Age Actuarial Cost methodology is used
Amortization method	Level percentage of payroll, closed
Actuarial assumptions	
Investment rate of return	7.00%
Projected salary increases	General employees 3.50% to 7.50%; Police & Fire Employees 4.00% to 14.00%
Inflation	2.50%
Mortality	Mortality - variants of the RP-2014 mortality tables - for the improvement scales, update to the ultimate rates of the MP-2016 projection scale
Cost of living adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

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 35 sources. The June 30, 2016 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:		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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 Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.0 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.

	General	Police	Fire
Pension liability:			
Balance as of June 30, 2016	\$ 23,251,894	\$ 6,029,622	\$ 369,497
Changes for the year:			
Service cost	434,622	495,943	24,573
Interest on total pension liability	1,704,441	469,387	27,964
Changes in assumptions, difference between expected and actual experience of total pension liability	1,545,582	484,378	49,481
Benefit payments, including employee refunds	(1,486,642)	(38,201)	(17,856)
Balance as of June 30, 2017	25,449,897	7,441,129	453,659
Fiduciary net position:			
Balance as of June 30, 2016	16,035,622	6,292,880	292,722
Employer contributions	777,795	135,744	16,215
Employee contributions	181,315	267,742	9,030
Net investment income	1,840,641	790,196	35,617
Benefit payments, including employee refunds	(1,486,642)	(38,201)	(17,856)
Administrative expense	(17,390)	(7,465)	(337)
Other changes	1,060	(17)	-
Balance as of June 30, 2017	17,332,401	7,440,879	335,391
Net pension liability (asset)	\$ 8,117,496	\$ 250	\$ 118,268

Contributions made after the measurement date of the net position but before the end of the employer's contributing entities reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

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 7.0 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.

	1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
General	\$ 11,083,475	\$ 8,117,496	\$ 5,908,659
Police	\$ 822,664	\$ 250	\$ (611,891)
Fire	\$ 170,213	\$ 118,268	\$ 79,589

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018 the employer recognized pension expense of \$1,402,191. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General	Police	Fire	Total
Deferred outflows:				
Contributions after the measurement period	\$ 702,826	\$ 139,534	\$ 24,083	\$ 866,443
Difference between projected and actual earnings on investments	329,128	72,888	4,723	406,739
Changes in assumptions	1,070,026	339,140	-	1,409,166
Differences between expected and actual experience	359,461	109,118	-	468,579
Deferred inflows:				
Changes in assumptions	(16,944)	(95,075)	(270)	(112,289)
Differences between expected and actual experience	(101,967)	(172,212)	(3,808)	(277,987)
	\$ 2,342,530	\$ 393,393	\$ 24,728	\$ 2,760,651

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

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

<u>Year Ending June 30,</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>
Net deferred outflows:			
2019	\$ 306,295	\$ 21,767	\$ (2,424)
2020	549,061	100,578	3,932
2021	371,681	42,110	1,815
2022	91,425	(50,763)	(2,678)
2023	244,868	10,201	-
Thereafter	<u>76,374</u>	<u>129,966</u>	<u>-</u>
Total	<u>\$1,639,704</u>	<u>\$ 253,859</u>	<u>\$ 645</u>

Component Unit:

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	109
Inactive, Non-retired Members	33
Active Members	<u>113</u>
Total	<u>255</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% (2% if the employer opted to provide a COLA) of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% (10% if employer opted to provide a COLA) of their salaries. The School 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 School District contributed \$724,379 in the year ended June 30, 2018 which was 17.05% of annual covered payroll.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Component Unit (continued):

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 22,009,975	\$ 15,529,661	\$ 37,539,636
Changes for the year:			
Service cost	394,451	-	394,451
Interest on the total pension liability	1,609,844	-	1,609,844
Changes in assumptions, difference between expected and actual experience	-	-	-
Employer contributions	-	669,307	(669,307)
Employee contributions	-	116,640	(116,640)
Net investment income	-	1,784,008	(1,784,008)
Benefit payments, including employee refunds	(1,485,236)	(1,485,236)	-
Administrative expense	-	(16,855)	16,855
Other changes	-	201,590	(201,590)
Net changes	1,663,980	1,269,454	394,526
Balances as of June 30, 2017	\$ 23,673,955	\$ 16,799,115	\$ 6,874,840

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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 7.0 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.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 9,645,916	\$ 6,874,840	\$ 4,811,033

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

MERS Plan (continued):

Component Unit (continued):

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018 the employer recognized pension expense of \$461,069. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

Deferred outflows of resources

Contributions subsequent to the measurement date	\$ 724,379
Changes in assumptions	979,455
Net difference between projected and actual earnings on pension plan investments	315,589

Deferred inflows of resources

Differences between expected and actual experience	<u>(709,756)</u>
Deferred outflows of resources, net	<u>\$ 1,309,667</u>

Contributions made after the measurement date of the net position but before the end of the employer's contributing entities reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

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

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2019	\$ (96,795)
2020	343,707
2021	346,350
2022	<u>(7,974)</u>
Total	<u>\$ 585,288</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Employees' Retirement System (ERS):

Component Unit:

General Information about the Plan

Plan description - Certain employees of the School 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). 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 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 5 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.

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 ending 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 2017, the School District teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the School 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 the Bristol Warren School District; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the state and the school district, respectively. The School District contributed \$3,060,603, \$3,063,726 and \$3,110,351 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. 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 - At June 30, 2018, the School District reported a liability of \$41,326,250 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the (Name of Teacher Unit) 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 School District were as follows:

BWRSD proportionate share of the net pension liability	\$ 41,326,250
State's proportionate share of the net pension liability associated with the BWRSD	<u>31,232,716</u>
Total net pension liability	<u>\$ 72,558,966</u>

The net pension liability was measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017. The School District proportion of the net pension liability was based on a projection of the (Name or Teacher Unit) 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, 2017 the School District proportion was 1.31%

For the year ended June 30, 2018 the School District recognized gross pension expense of \$6,388,879 and revenue of \$2,965,598 for support provided by the State. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 979,748
Changes of assumptions	3,609,253	651,237
Net difference between projected and actual earnings on pension plan investments	1,043,929	-
Changes in proportion and differences between System contributions and proportionate share contributions	252,090	1,834,547
Contributions subsequent to the measurement date	<u>3,060,603</u>	<u>-</u>
	<u>\$ 7,965,875</u>	<u>\$ 3,465,532</u>
Net amount of deferred outflows and (inflows) excluding BWRSD contributions subsequent to measurement date		<u>\$ 1,439,740</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

\$3,386,845 reported as deferred outflows of resources related to pensions resulting from the School District's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 168,441
2019	856,470
2020	347,266
2021	(379,135)
2022	126,845
Thereafter	<u>319,853</u>
	<u>\$ 1,439,740</u>

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

Inflation	2.50%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

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 35 sources. The June 30, 2016 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:		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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 Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Employees' Retirement System (ERS) (continued):

Component Unit (continued):

Discount rate - the discount rate used to measure the total pension liability was 7.0 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 7.0 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 (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 51,937,222	\$ 41,326,250	\$ 33,422,764

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

Teachers' Survivors Benefit (TSB) Pension Plan:

Plan description - Certain employees of the School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (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. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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>.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

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

Component Unit (continued):

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.

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 Child 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 Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

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

Component Unit (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 Bristol Warren School District contributed \$32,956, \$27,196, \$28,522 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2018 the School District reported an asset of \$3,558,014 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, 2017, 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, 2016. The School District proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the School District proportion was 4.30%.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

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

Component Unit (continued):

For the year ended June 30, 2018 the School District recognized pension expense of \$758,348 – a decrease in the net pension asset. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 702,200	\$ 747,676
Changes of assumptions	586,152	-
Net difference between projected and actual earnings on pension plan investments	227,324	-
Changes in proportion and differences between System contributions and proportionate share contributions	213,557	1,132
Contributions subsequent to the measurement date	32,956	-
	\$ 1,762,189	\$ 748,808
Net amount of deferred outflows and (inflows) excluding BWRSD contributions subsequent to measurement date		\$ 980,425

\$32,956 reported as deferred outflows of resources related to pensions resulting from the School District contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 155,422
2020	330,363
2021	202,816
2022	15,174
2023	119,113
Thereafter	157,537
	\$ 980,425

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

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

Component Unit (continued):

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

Inflation	2.55%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale. 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, 2016 valuation and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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 35 sources. The June 30, 2017 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:		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

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

Component Unit (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 7.0 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 (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ (2,433,582)	\$ (3,558,014)	\$ (4,395,125)

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

Defined Contribution Plan:

Plan description:

Employees participating in the General and Police Units of the MERS Plan, as described previously, may 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 and Fire Units contribute 3% of their annual covered salary and the employer contributes 3% of annual covered salary.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Defined Contribution Plan (continued):

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

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

The Town recognized pension expense for the defined contribution plan of \$1,176,477 for the fiscal year ended June 30, 2018.

Component Unit:

District employees with less than 20 years of service as of June 30, 2012, 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 between 1 % and 5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. 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 District contributed \$1,315,991 for the fiscal year ended June 30, 2018.

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, 2017, was \$157,121.

Retirees and beneficiaries	45
Terminated vested & other inactive	-
Actives	-
Subtotal	<u>45</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

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Police Plan (continued):

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.

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.

Contributions:

Total contributions to the Police Plan during the year ended June 30, 2018, amounted to \$1,315,991 made in its entirety by the Town. Contributions made by the Town represented 837.57%, 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.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Police Plan (continued):

Increase (decrease) in net pension liability (asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 28,622,588	\$ 15,992,563	\$ 12,630,025
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	1,875,799	-	1,875,799
Effect of economic/demographic gains or losses	143,986	-	143,986
Contributions - employer	-	1,315,991	(1,315,991)
Contributions - employee	-	-	-
Net investment income	-	1,155,388	(1,155,388)
Benefit payments	(1,693,610)	(1,693,610)	-
Administrative expense	-	(2,494)	2,494
Net changes	<u>326,175</u>	<u>775,275</u>	<u>(449,100)</u>
Balance as of June 30, 2018	<u>\$ 28,948,763</u>	<u>\$ 16,767,838</u>	<u>\$ 12,180,925</u>

Investment rate of return:

For the year ended June 30, 2018, the annual money-weighted rate of return on Police Plan investments, net of investment expense, was 7.32%. 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, 2017, and rolled forward to June 30, 2018, 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, 2017, 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, 2017, was 12 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 2.5%.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Police Plan (continued):

Actuarial assumptions (continued):

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:

Inflation	2.50 percent
Salary increases	4.25 percent, average, including inflation
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

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, 2018. 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, 2018, are summarized in the following table:

<u>Asset Class</u>	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	2.00%	0.52%	0.51%
US Core Fixed Income	25.55%	2.65%	2.51%
US High Yield Bonds	5.66%	5.61%	5.05%
US Large Caps	27.01%	4.57%	3.37%
US Mid Caps	13.09%	5.10%	3.52%
Foreign Developed Equity	11.70%	5.79%	4.15%
Emerging Markets Equity	5.00%	8.12%	4.84%
US REIT's	4.00%	5.07%	3.27%
Master Limited Partnerships	5.99%	4.23%	2.83%
Total	100%		
Assumed Inflation - Mean		2.50%	2.50%
Assumed Inflation - Standard Deviation		1.85%	1.85%
Portfolio Real Mean Return		4.45%	3.80%
Portfolio Nominal Mean Return		6.96%	6.39%
Portfolio Standard Deviation			11.23%
Long-Term Expected Rate of Return			6.75%

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. 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, 2018, and the net pension liability as of June 30, 2018, is as follows:

Total pension liability	\$ 28,948,763
Plan fiduciary net position	<u>(16,767,838)</u>
Town's net pension liability	<u>\$ 12,180,925</u>
Plan fiduciary net position as a percentage of the total pension liability	57.92%

The covered payroll (annual payroll of active participants) was \$157,121 and the ratio of the net pension liability to the covered payroll was (77526%).

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 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>
Plan's Net Pension Liability	\$ 16,196,674	\$ 12,180,925	\$ 8,947,030

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.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Pension plans (continued):

Police Plan (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 114,236	\$ -
Total deferred outflows / (inflows)	<u>\$ 114,236</u>	<u>\$ -</u>

The employer reported deferred outflows of resources of \$114,236 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:

Year ended June 30:

2019	\$ 221,077
2020	54,238
2021	(143,378)
2022	(17,701)
Thereafter	<u>-</u>
	<u>\$ 114,236</u>

Annual pension cost:

The actuarially determined employer contribution requirement of \$1,315,991 was determined as described above and was based on an actuarial valuation as of July 1, 2017. The contribution consists of normal cost plus past service costs and one year of interest at 6.75%.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Tax stabilization agreements:

The Town offers an economic growth tax stabilization agreement through Town Ordinance Section 27-5. The agreement is offered to new and improved commercial and manufacturing businesses in an effort to encourage employment and economic growth in the Town.

The Town Council, in its sole discretion, is authorized but not required to phase in over a period of up to five years, but not more than ten years, the taxes due on certain commercial and industrial properties. The exemption schedule is as follows:

<u>Year of Exemption</u>	<u>Five-Year Program: % Exempt from Taxation</u>	<u>Ten-Year Program: % Exempt from Taxation</u>
Year 1	100%	90%
Year 2	90%	80%
Year 3	80%	70%
Year 4	70%	60%
Year 5	60%	50%
Year 6		40%
Year 7		30%
Year 8		20%
Year 9		10%
Year 10		0%

The exemption begins on December 31st following the post-construction review and issuance of the certificate of occupancy. The value must be greater than \$250,000 and the improvement must represent greater than 50% of the assessed value of the existing building or structure. The stabilization program is not available for residential properties. There is one property that has entered into the current stabilization program, which became effective July 8, 2015.

There are three properties under the prior stabilization program, which was amended on July 8, 2015. While this program had primarily the same purpose, there was a requirement for the subject property to be in need of substantial rehabilitation and/ or new construction and/ or vacant for a period of twelve months prior to executing the agreement. A five-year option was provided for properties where the value of the improvement was 25% or more of the existing assessed value, up to \$500,000. A ten-year option was provided for properties where the value of the improvement was greater than \$500,000.

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Tax stabilization agreements (continued):

The prior stabilization program schedule was as follows:

Year of Exemption	Five-Year Program: % Exempt from Taxation	Ten-Year Program: % Exempt from Taxation
Year 1	100%	100%
Year 2	80%	90%
Year 3	60%	80%
Year 4	40%	70%
Year 5	20%	60%
Year 6	0%	50%
Year 7		40%
Year 8		30%
Year 9		20%
Year 10		10%
Year 11		0%

Under both stabilization programs, taxes are reduced through a reduction in assessed value. Under the prior agreement, the Town Council reserved the right to revoke the stabilization at any time. The current agreement allows for revocation by the Town Council only due to tax delinquency or in the event of fraud or misrepresentation. The following chart provides information on the stabilization agreements in place as of June 30, 2018:

Purpose for Stabilization Agreement	Stabilization Agreement	Starting Year	Term of Agreement	Amount of Taxes Abated During the Fiscal Year
Demolition of Blighted Building/New Construction: Commercial rental space	Pre-July 8, 2015	2013	5 Years	\$ 14,606
Demolition of Blighted Building/New Construction: Incubator space for new businesses	Pre-July 8, 2015	2015	10 Years	11,586
Rehabilitation/Renovation: Commercial business	Pre-July 8, 2015	2015	10 Years	5,720
New Construction: Commercial business	Post-July 8, 2015	2015	10 Years	7,382
Total				\$ 39,294

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

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, 2018.

12. Commitments and contingencies:

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

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

The Town is a defendant in various 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 Financial Statements

For the Year Ended June 30, 2018

12. Commitments and contingencies (continued):

The Town is committed under construction contracts at June 30, 2018, as follows:

Project	Contract	Spent to date	Remaining commitment
Full Assessment Revaluation	\$ 389,800	\$ 107,798	\$ 282,002
Constitution & Silver Creek Pump Station Improvements	2,157,798	2,111,853	45,945
Ferry Road Sewer Improvements	1,377,741	965,876	411,865
Fire Department Truck	530,260	241,438	288,822
State Street Boardwalk Extension Design and Construction	389,440	46,842	342,598
Church Street Dock Expansion Design	141,000	97,455	43,545
Walley School Construction	99,000	59,400	39,600
Tanyard Brook Phase II: Design/Engineering	432,600	356,505	76,095
Road Paving Projects: Design/Engineering	771,579	613,250	158,329
	<u>\$6,289,218</u>	<u>\$4,600,417</u>	<u>\$1,688,801</u>

13. Fund balance restatement:

The following was the restatement that occurred at the Government-Wide level:

	Government-Wide Financial Statements
	Governmental Activities
Beginning balance, July 1, 2017	\$ 30,717,589
To restate net position to remove OPEB asset in accordance with GASB Statement No. 75	(718,028)
To restate net position to include net OPEB liability in accordance with GASB Statement No. 75	(9,955,594)
To restate compensated absence liability for improper reporting in the prior year	<u>781,172</u>
Beginning balance, July 1, 2017, restated	<u>\$ 20,825,139</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

14. Detailed Governmental fund balances:

	Major Funds		Non-Major Funds		Total
	General Fund	Capital Projects	Special Revenue	Permanent Trust	
Fund Balances:					
Nonspendable:					
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ 577,617	\$ 577,617
In Form	12,113	241,438	224,750	-	478,301
Receivable for long-term school loan	1,250,000	-	-	-	1,250,000
Receivable for long-term North Burial Ground	147,369	-	-	-	147,369
Receivable for Mt Hope Farm note	7,132	-	-	-	7,132
Receivable for long-term due from Mosaico	236,033	-	-	-	236,033
Restricted for:					
Permanent trust fund use	-	-	-	3,925,851	3,925,851
Capital projects	-	1,369,654	-	-	1,369,654
Special revenue funds	-	-	570,935	-	570,935
Committed to:					
Naomi Street	6,603	-	-	-	6,603
Revaluation reserve	131,402	-	-	-	131,402
Fire prevention	8,103	-	-	-	8,103
CPR training	1,298	-	-	-	1,298
Salary reserve	140,432	-	-	-	140,432
Severance	78,220	-	-	-	78,220
Police M/V detail	8,589	-	-	-	8,589
Assigned to:					
Appropriated fund balance	525,000	-	-	-	525,000
Tent inspections	2,813	-	-	-	2,813
Hazmat equipment	26,013	-	-	-	26,013
Capital projects	-	46,375	-	-	46,375
Unassigned	<u>7,892,346</u>	<u>(769,541)</u>	<u>(12,494)</u>	<u>-</u>	<u>7,110,311</u>
	<u>\$ 10,473,466</u>	<u>\$ 887,926</u>	<u>\$ 783,191</u>	<u>\$ 4,503,468</u>	<u>\$ 16,648,051</u>

Individual funds had the following deficit fund balances as of June 30, 2018. 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.

Special revenue	
Sr Center Grants	\$ (225)
Recreation Tee Shirts	(987)
Planning Engineer	<u>(11,282)</u>
	<u>\$ (12,494)</u>

Capital projects	
Public works capital	\$ (3,639)
Community dev capital	(3,371)
Legion square park	(1,452)
Independence park boat ramp	(28,964)
Road repair bonded projects	(711,497)
Open space bonded projects	<u>(20,618)</u>
	<u>\$ (769,541)</u>

Town of Bristol, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

15. Subsequent Events:

Management has evaluated subsequent events through the report date December 27, 2018. No material events have occurred that require disclosure.

Town of Bristol, Rhode Island
Required Supplementary Information
Notes to the Required Supplementary Information
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2018

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	\$ 41,587,461	\$ -	\$ 41,587,461	\$ 41,920,576	\$ 333,115
Intergovernmental	2,161,938	-	2,161,938	2,764,819	602,881
Licenses, permits and fees	2,633,851	-	2,633,851	2,735,793	101,942
Investment earnings	430,000	-	430,000	347,651	(82,349)
Other revenues	1,333,549	-	1,333,549	1,201,431	(132,118)
Transfers from other funds	129,000	(129,000)	-	-	-
Reappropriated surplus	550,000	(550,000)	-	-	-
Total revenues	48,825,799	(679,000)	48,146,799	48,970,270	823,471
Expenditures:					
General government	2,455,729	-	2,455,729	2,452,979	2,750
Public safety	8,669,617	-	8,669,617	8,605,216	64,401
Public works	5,307,941	-	5,307,941	5,309,496	(1,555)
Community services	1,773,443	16,000	1,789,443	1,970,281	(180,838)
Education	25,443,305	-	25,443,305	25,443,305	-
Payroll taxes and benefits	1,723,792	-	1,723,792	1,846,847	(123,055)
Debt service:			-		-
Principal	2,329,011	-	2,329,011	2,474,011	(145,000)
Interest, fees and charges	967,961	-	967,961	932,945	35,016
Bond issuance costs	5,000	-	5,000	31,455	(26,455)
Capital outlay	150,000	-	150,000	217,664	(67,664)
Total expenditures	48,825,799	16,000	48,841,799	49,284,199	(442,400)
Excess of expenditures over revenues, budgetary basis	-	(695,000)	(695,000)	(313,929)	381,071
Other financing sources (uses):					
Reappropriated fund balances:					
Capital project and operating carryforward	-	16,000	16,000	16,000	-
Budgeted use of fund balance	-	550,000	550,000	-	(550,000)
Transfers in (out)	-	129,000	129,000	126,923	(2,077)
Total other financing sources (uses)	-	695,000	695,000	142,923	(552,077)
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ -	\$ -	\$ -	(171,006)	\$ (171,006)
Adjustments of budgetary basis to U.S. GAAP basis				1,437,711	
Excess of expenditures and other financing uses over revenues and other financing source, U.S. GAAP basis				1,266,705	
Fund balance, beginning of year				9,206,761	
Fund balance, end of year				<u>\$ 10,473,466</u>	

Town of Bristol, Rhode Island

Required Supplementary Information

Notes to the Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2018

Budgetary 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 re-appropriation 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 Re-appropriations 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:

Re-appropriated fund equity - Restricted	\$	(16,000)
Unbudgeted bond proceeds		1,435,000
Unbudgeted gain on sale of assets		<u>18,711</u>
	\$	<u>1,437,711</u>

Re-appropriated fund equity excludes carry-forward amounts for capital expenditures that are being recorded in the Capital Projects Fund.

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 Administrator	\$	2,663
Fire Department		63,458
Public Works		1,454
Library		23,749
Recreation		158,229
Town Hall Complex		94,523
Town Engineer		539
Municipal Observances		7,976
Senior Center		186

Town of Bristol, Rhode Island
 Required Supplementary Information
 Schedule of Funding Progress – Police Plan
 For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 1,315,991	\$ 1,316,046	\$ 1,327,427	\$ 1,341,343	\$ 1,288,194	\$ 899,460	\$ 828,850	\$ 784,676	\$ 770,003	\$ 640,220
Contributions in relation to the actuarially determined contribution	<u>1,315,991</u>	<u>1,374,450</u>	<u>1,344,117</u>	<u>1,382,578</u>	<u>1,288,194</u>	<u>899,474</u>	<u>958,333</u>	<u>784,676</u>	<u>770,003</u>	<u>735,650</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (58,404)</u>	<u>\$ (16,690)</u>	<u>\$ (41,235)</u>	<u>\$ -</u>	<u>\$ (14)</u>	<u>\$(129,483)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,430)</u>
Covered-employee payroll	157,121	236,091	228,206	300,035	357,605	472,541	453,506	432,376	485,611	818,845
Contributions as a percentage of covered-employee payroll	837.57%	582.17%	588.99%	460.81%	360.23%	190.35%	211.32%	181.48%	158.56%	89.84%

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2018.

Methods and assumptions used to determine contribution rates:

Discount rate	6.75%
Long term rate of return on investments	6.75%
Salary increases	4.25%
Inflation	2.50%
Mortality rates:	RP-2000 Combined Healthy Mortality with Generational Projection per Scale AA

Town of Bristol, Rhode Island

Required Supplementary Information

Schedule of Changes to Net Pension Liability and Related Ratios – Police Plan

*Last Ten Years **

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability					
Service cost	\$ -	\$ 64,469	\$ 105,365	\$ 101,544	\$ 136,699
Interest	1,875,799	1,858,184	1,831,530	1,827,431	1,797,455
Effect of economic/demographic gains or losses	143,986	136,064	(340,909)	(58,497)	12,927
Benefit payments, including refunds of participant contributions	<u>(1,693,610)</u>	<u>(1,641,747)</u>	<u>(1,510,403)</u>	<u>(1,454,147)</u>	<u>(1,447,637)</u>
Net change in total pension liability	326,175	416,970	85,583	416,331	499,444
Total pension liability - beginning	<u>28,622,588</u>	<u>28,205,618</u>	<u>28,120,035</u>	<u>27,703,704</u>	<u>27,204,260</u>
Total pension liability - ending	<u>\$ 28,948,763</u>	<u>\$ 28,622,588</u>	<u>\$ 28,205,618</u>	<u>\$ 28,120,035</u>	<u>\$ 27,703,704</u>
Pension fiduciary net position					
Contributions - employer	\$ 1,315,991	\$ 1,374,450	\$ 1,344,117	\$ 1,382,578	\$ 1,288,194
Contributions - employee	-	2,161	22,538	30,911	32,449
Net investment income	1,155,388	1,608,493	5,530	155,221	1,680,673
Benefit payments, including refunds of participant contributions	(1,693,610)	(1,641,747)	(1,510,403)	(1,454,147)	(1,447,637)
Administrative expense	<u>(2,494)</u>	<u>(2,503)</u>	<u>(1,870)</u>	<u>(1,823)</u>	<u>(2,010)</u>
Net change in plan fiduciary net position	775,275	1,340,854	(140,088)	112,740	1,551,669
Plan fiduciary net position - beginning	<u>15,992,563</u>	<u>14,651,709</u>	<u>14,791,797</u>	<u>14,679,057</u>	<u>13,127,388</u>
Plan fiduciary net position - ending	<u>\$ 16,767,838</u>	<u>\$ 15,992,563</u>	<u>\$ 14,651,709</u>	<u>\$ 14,791,797</u>	<u>\$ 14,679,057</u>
Town's net pension liability (asset) - ending	<u>\$ 12,180,925</u>	<u>\$ 12,630,025</u>	<u>\$ 13,553,909</u>	<u>\$ 13,328,238</u>	<u>\$ 13,024,647</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 28,948,763	\$ 28,622,588	\$ 28,205,618	\$ 28,120,035	\$ 27,703,704
Plan fiduciary net position	<u>16,767,838</u>	<u>15,992,563</u>	<u>14,651,709</u>	<u>14,791,797</u>	<u>14,679,057</u>
Town's net pension liability (asset)	<u>\$ 12,180,925</u>	<u>\$ 12,630,025</u>	<u>\$ 13,553,909</u>	<u>\$ 13,328,238</u>	<u>\$ 13,024,647</u>
Plan fiduciary net position as a percentage of the total pension liability	57.92%	55.87%	51.95%	52.60%	52.99%
Covered-employee payroll	157,121	236,091	228,206	300,035	357,605
Net pension liability (asset) as a percentage of covered-employee payroll	7752.58%	5349.64%	5939.33%	4442.23%	3642.19%

See accompanying notes to required supplementary information
See independent auditor's report

Town of Bristol, Rhode Island
 Required Supplementary Information
 Schedule of Investment Return – Police Plan
Last Ten Years *

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	7.32%	11.08%	0.04%	1.06%	12.88%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System – MERS Municipal Plan
Schedule of Changes to Net Pension Liability and Related Ratios

Last Ten Years *

	2017	2016	2015	2014
	General Employees			
Total pension liability:				
Service cost	\$ 434,622	\$ 401,089	\$ 382,606	\$ 407,791
Interest	1,704,441	1,670,835	1,584,867	1,552,477
Changes of benefit terms	-	-	367,127	-
Effect of economic/demographic gains or (losses)				
Differences between expected and actual experience	274,117	(155,431)	264,406	-
Changes of assumptions	1,271,465	-	-	(107,296)
Benefit payments, including refunds of member contributions	(1,486,642)	(1,483,703)	(1,440,330)	(1,376,683)
Net change in total pension liability	2,198,003	432,790	1,158,676	476,289
Total pension liability, beginning of year	23,251,894	22,819,104	21,660,428	21,184,138
Total pension liability, end of year	25,449,897	23,251,894	22,819,104	21,660,427
Plan fiduciary net position:				
Contributions employer	777,795	718,526	704,196	700,353
Contributions employee	181,315	177,074	103,047	94,208
Net investment income	1,840,641	(8,808)	389,878	2,249,022
Benefit payments, including refunds of member contributions	(1,486,642)	(1,483,703)	(1,440,330)	(1,376,683)
Administrative expense	(17,390)	(11,732)	(15,778)	(14,083)
Other	1,060	7,755	9,534	5,903
Net change in plan fiduciary net position	1,296,779	(600,888)	(249,453)	1,658,720
Plan fiduciary net position, beginning of year	16,035,622	16,636,510	16,885,963	15,227,243
Plan fiduciary net position, end of year	17,332,401	16,035,622	16,636,510	16,885,963
Net pension liability (asset), end of year	\$ 8,117,496	\$ 7,216,272	\$ 6,182,594	\$ 4,774,464
Plan fiduciary net position as a percentage of the total pension liability	68.10%	68.96%	72.91%	77.96%
Covered employee payroll	\$ 5,313,229	\$ 4,769,188	\$ 4,587,600	\$ 4,587,083
Net pension liability as a percentage of covered employee payroll	152.78%	151.31%	134.77%	104.08%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System – MERS Municipal Plan
Schedule of Changes to Net Pension Liability and Related Ratios

Last Ten Years *

	2017	2016	2015	2014
	Police			
Total pension liability:				
Service cost	\$ 495,943	\$ 413,026	\$ 376,752	\$ 346,962
Interest	469,387	412,664	345,620	310,835
Changes of benefit terms	-	-	424,342	-
Effect of economic/demographic gains or (losses)				
Differences between expected and actual experience	117,911	(43,870)	(175,622)	-
Changes of assumptions	366,467	-	-	(131,155)
Benefit payments, including refunds of member contributions	(38,201)	(95,737)	(94,878)	(60,617)
Net change in total pension liability	1,411,507	686,083	876,214	466,025
Total pension liability, beginning of year	6,029,622	5,343,539	4,467,325	4,001,300
Total pension liability, end of year	7,441,129	6,029,622	5,343,539	4,467,325
Plan fiduciary net position:				
Contributions employer	135,744	135,894	130,914	84,143
Contributions employee	267,742	231,079	182,779	171,286
Net investment income	790,196	(2,184)	141,307	755,879
Benefit payments, including refunds of member contributions	(38,201)	(95,737)	(94,878)	(60,617)
Administrative expense	(7,465)	(5,876)	(5,663)	(4,733)
Other	(17)	(1)	2	-
Net change in plan fiduciary net position	1,147,999	263,175	354,461	945,958
Plan fiduciary net position, beginning of year	6,292,880	6,029,705	5,675,244	4,729,286
Plan fiduciary net position, end of year	7,440,879	6,292,880	6,029,705	5,675,244
Net pension asset, end of year	\$ 250	\$ (263,258)	\$ (686,166)	\$ (1,207,919)
Plan fiduciary net position as a percentage of the total pension liability	100.00%	104.37%	112.84%	127.04%
Covered employee payroll	\$ 2,693,880	\$ 2,326,906	\$ 2,284,733	\$ 2,135,150
Net pension asset as a percentage of covered employee payroll	0.01%	-11.31%	-30.03%	-56.57%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System – MERS Municipal Plan
Schedule of Changes to Net Pension Liability and Related Ratios

Last Ten Years *

	2017	2016	2015	2014
	Fire			
Total pension liability:				
Service cost	\$ 24,573	\$ 13,637	\$ 21,582	\$ 20,832
Interest	27,964	26,736	26,024	24,003
Changes of benefit terms	-	-	(277)	-
Effect of economic/demographic gains or (losses)				
Differences between expected and actual experience	25,752	(4,289)	(8,922)	-
Changes of assumptions	23,729	-	-	(898)
Benefit payments, including refunds of member contributions	(17,856)	(32,510)	(17,357)	(17,366)
Net change in total pension liability	84,162	3,574	21,050	26,571
Total pension liability, beginning of year	369,497	365,923	344,873	318,302
Total pension liability, end of year	453,659	369,497	365,923	344,873
Plan fiduciary net position:				
Contributions employer	16,215	15,820	24,717	15,026
Contributions employee	9,030	5,768	10,320	6,717
Net investment income	35,617	(102)	7,122	37,161
Benefit payments, including refunds of member contributions	(17,856)	(32,510)	(17,357)	(17,366)
Administrative expense	(337)	(273)	(286)	(233)
Other	-	117	375	1
Net change in plan fiduciary net position	42,669	(11,180)	24,891	41,306
Plan fiduciary net position, beginning of year	292,722	303,902	279,011	237,705
Plan fiduciary net position, end of year	335,391	292,722	303,902	279,011
Net pension liability, end of year	\$ 118,268	\$ 76,775	\$ 62,021	\$ 65,862
Plan fiduciary net position as a percentage of the total pension liability	73.93%	79.22%	83.05%	80.90%
Covered employee payroll	\$ 100,338	\$ 63,485	\$ 99,184	\$ 95,955
Net pension liability as a percentage of covered employee payroll	117.87%	120.93%	62.53%	68.64%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System – MERS Municipal Plan
Schedule of Changes to Net Pension Liability and Related Ratios
Last Ten Years *

Component Unit:	BWRSD			
	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 394,451	\$ 405,372	\$ 393,182	\$ 401,783
Interest	1,609,844	1,589,036	1,632,706	1,569,288
Changes of benefit terms				
Effect of economic/demographic gains or (losses)				
Differences between expected and actual experience	(62,850)	(255,766)	(1,706,234)	-
Changes of assumptions	1,207,771	-	457,659	211,740
Benefit payments, including refunds of member contributions	<u>(1,485,236)</u>	<u>(1,426,262)</u>	<u>(1,305,070)</u>	<u>(1,360,825)</u>
Net change in total pension liability	1,663,980	312,380	(527,757)	821,986
Total pension liability, beginning of year	<u>22,009,975</u>	<u>21,697,595</u>	<u>22,225,352</u>	<u>21,403,366</u>
Total pension liability, end of year	<u>23,673,955</u>	<u>22,009,975</u>	<u>21,697,595</u>	<u>22,225,352</u>
Plan fiduciary net position:				
Contributions employer	669,307	760,738	674,632	611,556
Contributions employee	116,640	120,608	84,646	83,890
Net investment income	1,784,008	(5,390)	376,660	2,165,218
Benefit payments, including refunds of member contributions	(1,485,236)	(1,426,262)	(1,305,070)	(1,360,825)
Administrative expense	(16,855)	(14,501)	(15,141)	(13,559)
Other	<u>201,590</u>	<u>21,984</u>	<u>3</u>	<u>1</u>
Net change in plan fiduciary net position	1,269,454	(542,823)	(184,270)	1,486,281
Plan fiduciary net position, beginning of year	<u>15,529,661</u>	<u>16,072,484</u>	<u>16,256,754</u>	<u>14,770,473</u>
Plan fiduciary net position, end of year	<u>16,799,115</u>	<u>15,529,661</u>	<u>16,072,484</u>	<u>16,256,754</u>
Net pension liability (asset), end of year	<u>\$ 6,874,840</u>	<u>\$ 6,480,314</u>	<u>\$ 5,625,111</u>	<u>\$ 5,968,598</u>
Plan fiduciary net position as a percentage of the total pension liability	70.96%	70.56%	74.07%	73.15%
Covered employee payroll	\$ 4,442,016	\$ 4,368,233	\$ 4,232,318	\$ 4,172,202
Net pension liability as a percentage of covered employee payroll	154.77%	148.35%	132.91%	143.06%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System - ERS

Schedule of Changes to Net Pension Liability and Related Ratios

Last Ten Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	1.31024464%	1.37888738%	1.39219208%	1.37675883%
Employer's proportionate share of the net pension liability	\$41,326,250	\$41,140,174	\$38,327,085	\$33,510,315
State's proportionate share of the net pension liability associated with the school district	<u>31,232,716</u>	<u>28,174,978</u>	<u>26,183,862</u>	<u>22,979,567</u>
Total	<u>72,558,966</u>	<u>69,315,152</u>	<u>\$64,510,947</u>	<u>\$56,489,882</u>
Employer's covered employee payroll	\$23,116,337	\$23,245,266	\$22,653,685	\$22,622,110
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	178.78%	176.98%	169.19%	148.13%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%

Notes:

1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System - ERS

Schedule of Changes to Net Pension Liability and Related Ratios

Last Ten Years *

Component Unit:	2018	2017	2016	2015
Employer's proportion of the net pension asset	4.30094129%	4.44072219%	4.51855581%	4.51700329%
Employer's proportionate share of the net pension asset	\$ 3,558,014	\$ 4,421,711	\$ 4,218,325	\$ 5,615,571
Employer's covered employee payroll	23,116,337	23,245,266	\$22,653,685	\$22,622,110
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	15.39%	19.02%	18.62%	24.82%
Plan fiduciary net position as a percentage of the total pension ε	136.1%	153.3%	146.6%	173.3%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Town of Bristol, Rhode Island
Required Supplementary Information
Employee's Retirement System – MERS Municipal Plan
Schedule of Town's Contributions
Last Ten Years *

	2018	2017	2016	2015
<i>Town, General Unit:</i>				
Actuarially determined contribution	\$ 702,826	\$ 777,795	\$ 718,526	\$ 704,196
Contributions in relation to the actuarially determined contribution	<u>702,826</u>	<u>777,795</u>	<u>718,526</u>	<u>704,196</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,842,992	\$ 5,313,229	\$ 4,769,188	\$ 4,587,600
Contributions as a percentage of covered employee payroll	14.51%	14.64%	15.07%	15.35%
<i>Town, Police Unit:</i>				
Actuarially determined contribution	\$ 139,534	\$ 135,744	\$ 135,894	\$ 130,914
Contributions in relation to the actuarially determined contribution	<u>139,534</u>	<u>135,744</u>	<u>135,894</u>	<u>130,914</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,708,367	\$ 2,693,880	\$ 2,326,906	\$ 2,284,733
Contributions as a percentage of covered employee payroll	5.15%	5.04%	5.84%	5.73%
<i>Town, Fire Unit:</i>				
Actuarially determined contribution	\$ 16,318	\$ 16,215	\$ 15,820	\$ 24,717
Contributions in relation to the actuarially determined contribution	<u>16,318</u>	<u>16,215</u>	<u>15,820</u>	<u>24,717</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 158,786	\$ 100,338	\$ 63,485	\$ 99,184
Contributions as a percentage of covered employee payroll	10.28%	16.16%	24.92%	24.92%
<i>Component Unit:</i>				
Actuarially determined contribution	\$ 724,379	\$ 669,307	\$ 760,738	\$ 674,632
Contributions in relation to the actuarially determined contribution	<u>724,379</u>	<u>669,307</u>	<u>760,738</u>	<u>674,632</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,248,555	\$ 4,442,016	\$ 4,368,233	\$ 4,232,318
Contributions as a percentage of covered employee payroll	17.05%	15.07%	17.42%	15.94%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Town of Bristol, Rhode Island
 Required Supplementary Information
 Employee's Retirement System - ERS
 Schedule of Employer's Contributions
Last Ten Years *

Component Unit, ERS	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	3,060,603	3,063,726	\$ 3,110,351	\$ 3,033,625
Contributions in relation to the actuarially determined contribution	<u>3,060,603</u>	<u>3,063,726</u>	<u>3,110,351</u>	<u>3,033,625</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 23,116,337	\$ 23,245,266	\$ 22,653,685	\$ 22,622,110
Contributions as a percentage of covered- employee payroll	13.24%	13.18%	13.73%	13.41%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Town of Bristol, Rhode Island
 Required Supplementary Information
 Employees' Retirement System - TSB
 Schedule of Employer's Contributions
Last Ten Years *

Component Unit:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 32,956	\$ 27,196	\$ 28,522	\$ 27,516
Contributions in relation to the statutorily determined contribution	<u>32,956</u>	<u>27,196</u>	<u>28,522</u>	<u>27,516</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	23,116,337	23,245,266	\$22,653,685	\$22,622,110
Contributions as a percentage of covered-employee payroll	0.001425658	0.001169959	0.001259045	0.001216332

Notes:

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Town of Bristol, Rhode Island

Required Supplementary Information

Town Other Post Employment Benefits Plan

Schedule of Changes in Town's Net OPEB Liability and Related Ratios

*Last Ten Years **

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability		
Service cost	\$ 361,004	\$ 338,177
Interest on net OPEB liability and service cost	1,184,309	1,158,947
Benefit payments, including refunds	<u>(1,182,348)</u>	<u>(1,107,305)</u>
Net change in total OPEB liability	362,965	389,819
Total OPEB liability - beginning	<u>17,765,838</u>	<u>17,376,019</u>
Total OPEB liability - ending	<u>\$ 18,128,803</u>	<u>\$ 17,765,838</u>
OPEB fiduciary net position		
Benefit payments, including refunds	\$ (1,182,348)	\$ (1,107,305)
Contributions - employer	1,350,016	1,332,305
Contribution - Active employees	83,193	91,402
Net investment income	<u>700,353</u>	<u>832,580</u>
Net change in plan fiduciary net position	951,214	1,148,982
Plan fiduciary net position - beginning	<u>7,810,244</u>	<u>6,661,262</u>
Plan fiduciary net position - ending	<u>\$ 8,761,458</u>	<u>\$ 7,810,244</u>
Plan's net pension liability - ending	<u>\$ 9,367,345</u>	<u>\$ 9,955,594</u>
Plan fiduciary net position as a percentage of the total OPEB liability	48.33%	43.96%
Covered-employee payroll	\$ 7,463,339	\$ 6,776,933
Town's net OPEB liability as a percentage of covered employee payroll	125.51%	146.90%

* Second year of implementation of GASB 74/75, therefore only two years of the ten required data is available.

Town of Bristol, Rhode Island
 Required Supplementary Information
 Town Other Post Employment Benefits Plan
 Schedule of OPEB Investment Returns
Last Ten Years *

	June 30, 2018	June 30, 2017
Annual money-weighted rate of return, net of investment expense	8.80%	13.31%

* Second year of implementation of GASB 74/75, therefore only two years of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2018.
Actuarial Cost Method:	Projected Credit Unit
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2018.
Actuarial Assumptions:	
Investment Rate of Return:	6.75%, net of OPEB plan investment expense
Medical inflation	5.30% - 4.40% over 75 years
Inflation:	2.75% as of June 30, 2018 and for future periods
Salary Increases:	4.25% annually as of June 30, 2018 and for future periods

Town of Bristol, Rhode Island
 Required Supplementary Information
 Town Other Post Employment Benefits Plan
 Schedule of Town's Contributions
Last Ten Years *

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarial determined contribution	\$ 1,066,098	\$ 1,162,474
Contributions in relation to the actuarially determined contribution	<u>1,350,016</u>	<u>1,332,305</u>
Contribution deficiency (excess)	<u><u>\$ (283,918)</u></u>	<u><u>\$ (169,831)</u></u>
 Covered-employee payroll	 \$ 7,463,339	 \$ 6,776,933
 Contributions as a percentage of covered-employee payroll	 18.09%	 19.66%

* Second year of implementation of GASB 74/75, only two of the ten years required is available.

Town of Bristol, Rhode Island
 Required Supplementary Information
 Component Unit Other Post Employment Benefits Plan
 Schedule of Component Unit's Net OPEB Liability and Related Ratio's
Last Ten Years *

	June 30, 2018
Total OPEB liability	
Service cost	\$ 114,534
Interest on net OPEB liability and service cost	708,110
Differences between actual and expected experience	(1,790,243)
Changes in assumptions	(285,700)
Benefit payments, including refunds	(1,413,132)
Net change in total OPEB liability	(2,666,431)
Total OPEB liability - beginning	20,365,429
Total OPEB liability - ending	\$ 17,698,998
OPEB fiduciary net position	
Benefit payments, including refunds	\$ (1,413,132)
Trust administrative expenses	-
Contributions - employer	1,413,132
Contribution - Active employees	-
Net investment income	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	\$ -
Plan's net pension liability - ending	\$ 17,698,998
Plan fiduciary net position as % of total OPEB liability	0.00%
Covered employee payroll	3,723,022
Plan NOL as % of covered employee payroll	475.39%

* First year of implementation of GASB 75, therefore only one year of the ten required data is available.

Town of Bristol, Rhode Island
 Required Supplementary Information
 Component Unit Other Post Employment Benefits Plan
 Schedule of Component Unit's Contribution
Last Ten Years *

	June 30, 2018
Actuarial determined contribution	\$ 1,413,132
Contributions in relation to the actuarially determined contribution	1,413,132
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 3,723,022
Contributions as a percentage of covered-employee payroll	37.96%

* First year of implementation of GASB 75, therefore only one year of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2018.
 Actuarial Cost Method: Individual Entry Age Normal
 Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2018.

Actuarial Assumptions:

Investment Rate of Return: 3.87%, net of OPEB plan investment expense
 Single Equivalent Discount Rate: 3.87%, net of OPEB plan investment expense, including inflation
 Inflation: 2.50% as of June 30, 2017 and for future periods
 Salary Increases: 3.00% annually as of June 30, 2017 and for future periods
 Mortality: RP-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
 Disability: None
 Changes in Assumptions: Effective June 30, 2018
 Discount rate is 3.87% previously 5.00%
 Mortality table updated from MP-2015 to MP-2017

Town of Bristol, Rhode Island

Notes to Required Supplementary Information

MERS, ERS and TSB

For the Year Ended June 30, 2018

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end. The schedules are intended to show information for 10 years; additional years will be displayed as they become available.

Employers participating in the MERS Employees' Retirement System ("MERS") are required by Rhode Island General Laws ("RIGL"), Section 45-21-42, to contribute an actuarially determined contribution rate each year. Employers participating in the State Employees' Retirement System ("ERS") are required by RIGL, Section 36-10-2, to contribute an actuarially determined contribution rate each year. Employers participating in the Teachers' Survivors Benefit Plan ("TSB") contribute at a rate established by RIGL, Section 16-16-35.

Change in benefit provisions:

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

Town of Bristol, Rhode Island

Notes to Required Supplementary Information

MERS, ERS and TSB

For the Year Ended June 30, 2018

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- 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. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

Town of Bristol, Rhode Island
Supplementary Information
Governmental Funds
Combining Non-Major Balance Sheet
June 30, 2018

	<u>Special Revenue</u>	<u>Permanent Trust Funds</u>	<u>Total Non-Major Governmental Funds</u>
Assets			
Cash	\$ 205,909	\$ 392,234	\$ 598,143
Investments	-	4,277,951	4,277,951
Receivables:			
Intergovernmental	496,374	-	496,374
Other	25,160	18,056	43,216
Due from other funds	564,877	-	564,877
Notes receivable:			
Mosaico	<u>224,750</u>	<u>-</u>	<u>224,750</u>
Total assets	<u>1,517,070</u>	<u>4,688,241</u>	<u>6,205,311</u>
Deferred outflows of resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,517,070</u>	<u>\$ 4,688,241</u>	<u>\$ 6,205,311</u>
Liabilities			
Accounts payable and accrued expenses	\$ 48,605	\$ 5,716	\$ 54,321
Due to other funds	450,947	31,688	482,635
Advance from General Fund	-	147,369	147,369
Unearned revenue	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total liabilities	<u>506,552</u>	<u>184,773</u>	<u>691,325</u>
Deferred inflows of resources			
Earned deferred revenue	<u>227,327</u>	<u>-</u>	<u>227,327</u>
Total deferred inflows of resources	<u>227,327</u>	<u>-</u>	<u>227,327</u>
Fund balances			
Nonspendable			
Legally	-	577,617	577,617
Form	224,750	-	224,750
Restricted	570,935	3,925,851	4,496,786
Unassigned	<u>(12,494)</u>	<u>-</u>	<u>(12,494)</u>
Total fund balance	<u>783,191</u>	<u>4,503,468</u>	<u>5,286,659</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,517,070</u>	<u>\$ 4,688,241</u>	<u>\$ 6,205,311</u>

Town of Bristol, Rhode Island

Supplementary Information

Governmental Funds

Combining Non-Major Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	<u>Special Revenue</u>	<u>Permanent Trust Funds</u>	<u>Total Non-Major Governmental Funds</u>
Revenues			
Intergovernmental	\$ 1,129,468	\$ -	\$ 1,129,468
Other revenue	595,457	173,538	768,995
Investment income	-	376,748	376,748
Total revenue	<u>1,724,925</u>	<u>550,286</u>	<u>2,275,211</u>
Expenditures			
General government	103,025	16,554	119,579
Public safety	77,013	-	77,013
Public works	14,726	190,637	205,363
Community services	907,066	-	907,066
Capital outlay	<u>370,759</u>	<u>-</u>	<u>370,759</u>
Total Expenditures	<u>1,472,589</u>	<u>207,191</u>	<u>1,679,780</u>
Excess (deficiency) of revenues over expenditures	252,336	343,095	595,431
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	<u>(4,572)</u>	<u>(54,001)</u>	<u>(58,573)</u>
Total other financing sources (uses)	<u>(4,572)</u>	<u>(54,001)</u>	<u>(58,573)</u>
Excess of revenue and other sources over expenditures and other uses	247,764	289,094	536,858
Fund balance, July 1, 2017	<u>535,427</u>	<u>4,214,374</u>	<u>4,749,801</u>
Fund balance, June 30, 2018	<u>\$ 783,191</u>	<u>\$ 4,503,468</u>	<u>\$ 5,286,659</u>

Town of Bristol, Rhode Island
 Supplementary Information
 Pension and Other Employee Benefit Trust Funds
 Combining Statement of Net Position
June 30, 2018

	Police Retirement Trust Fund	OPEB Trust Fund
Assets		
Cash and cash equivalents	\$ 205,718	\$ 136,955
Investments, at fair value	16,418,317	7,353,772
Cash surrender value of life insurance	-	1,280,080
Receivables:		
Investment income	-	-
Contributions, employer	-	3,241
Other	-	-
Prepaid expenses	143,803	-
 Total assets	 16,767,838	 8,774,048
Liabilities		
Accounts payable	\$ -	\$ 12,590
 Total liabilities	 -	 12,590
Net Position		
Restricted for pension benefits	16,767,838	-
Held in trust for other purposes	-	8,761,458
 Total net position	 16,767,838	 8,761,458
 Total liabilities and net position	 \$ 16,767,838	 \$ 8,774,048

Town of Bristol, Rhode Island
 Supplementary Information
 Pension and Other Employee Benefit Trust Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2018

	Police Retirement Trust Fund	OPEB Trust Fund
Additions		
Employer contributions	\$ 1,315,991	\$ 1,350,016
Plan member contributions	-	83,193
Investment income (net of related fees)	1,155,388	700,353
Other	-	-
Total additions	<u>2,471,379</u>	<u>2,133,562</u>
Deductions		
Benefits paid	1,693,610	1,182,348
Administrative expenses	<u>2,494</u>	-
Total deductions	<u>1,696,104</u>	<u>1,182,348</u>
Changes in net position	775,275	951,214
Net position, July 1, 2017	<u>15,992,563</u>	<u>7,810,244</u>
Net position, June 30, 2018	<u>\$ 16,767,838</u>	<u>\$ 8,761,458</u>

Town of Bristol, Rhode Island

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2018

Fiscal Year	Balance July 1, 2017	Current Year Assessment	Adjustments/ abatements	Amount to be collected	FY 2018 Collections	Balance, June 30, 2018	July-August 2017 Collections Subject to 60-day FY17 Accrual	September- June 2018 Collections	Total FY2018 Cash Collections	July-August 2018 Collections Subject to 60-day FY18 Accrual
2018		\$ 42,225,438	\$ (148,707)	\$ 42,076,731	\$ 41,063,544	\$ 1,013,187	\$ 582,673	\$ 40,480,871	\$ 41,063,544	\$ 583,918
2017	\$ 1,413,176		67,344	1,480,519	1,287,049	193,470	18,420	1,268,629	1,287,049	17,681
2016	161,157		2,837	163,994	77,461.07	86,533	1,430	76,031	77,461	1,487
2015	68,156		(22,631)	45,524	(18,527)	64,052	1,080	(19,607)	(18,527)	700
2014	63,161		(1,548)	61,613	2,886	58,727	466	2,420	2,886	683
2013	56,589		(724)	55,865	1,345	54,520	496	849	1,345	874
2012	52,727		(323)	52,405	1,055	51,350	249	806	1,055	270
2011	46,034		-	46,034	495	45,539	19	476	495	116
2010	27,156		(228)	26,927	27	26,900	45	(18)	27	-
2009	92,496		(27,339)	65,157	505	64,652	-	505	505	-
	\$ 1,980,651	\$ 42,225,438	\$ (131,318)	\$ 44,074,771	\$ 42,415,840	\$ 1,658,931	\$ 604,878	\$ 41,810,962	\$ 42,415,840	\$ 605,729
Allowance for Uncollectible Accounts	\$ (434,305)					\$ (453,321)				
Net Property Tax Receivable	\$ 1,546,346					\$ 1,205,610				

Town of Bristol, Rhode Island

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2018

Schedule of Net Assessed Property, Value by Category

Description of Property	Valuations	
	December 31, 2016	Levy July 1, 2017
Real Property	\$ 2,682,803,052	\$ 40,027,422
Motor Vehicle	145,665,081	2,527,289
Tangible	47,549,185	709,434
Total	\$ 2,876,017,318	\$ 43,264,145
Exemptions	\$ 58,816,993	\$ 1,038,707
Net Assessed Value	\$ 2,817,200,325	\$ 42,225,438

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 42,415,840
July-August 2018 Collections Subject to 60-day FY18 Accrual	<u>\$ 605,729</u>
	\$ 43,021,570
July-Augst 2017 Collections Subject to 60-day FY17 Accrual	<u>\$ (604,878)</u>
	\$ 42,416,692
Taxes Paid in Advance of FY19 collections	\$ (487,945)
Current Year Property Tax Revenue	<u>\$ 41,928,747</u>

Town of Bristol, Rhode Island
Supplementary Information
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2018

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue
Annual Supplemental Transparency Report (MTP2) – Expenditures
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education
Department
Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of Bristol, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 41,212,768	\$ -
Last Year's Levy Tax Collection	645,264	-
Prior Years Property Tax Collection	62,543	-
Interest & Penalty	270,563	-
PILOT & Tax Treaty (excluded from levy) Collection	632,430	-
Other Local Property Taxes	-	-
Licenses and Permits	972,434	-
Fines and Forfeitures	127,990	-
Investment Income	133,375	-
Departmental	750,166	-
Rescue Run Revenue	707,768	-
Police & Fire Detail	401,769	-
Other Local Non-Property Tax Revenues	349,149	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	-
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	-
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	-
MV Excise Tax Reimbursement & Phase-out	418,032	-
State PILOT Program	1,335,274	-
Distressed Community Relief Fund	-	-
Library Resource Aid	187,103	-
Library Construction Aid	282,400	-
Public Service Corporation Tax	282,413	-
Meals & Beverage Tax / Hotel Tax	519,643	-
LEA Aid	-	-
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	-	-
State Food Service Revenue	-	-
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	20,553	-
Other Revenue	-	-
Local Appropriation for Education	-	-
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 49,311,637	\$ -
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	413,729	-
Financing Sources: Debt Proceeds	1,435,000	-
Financing Sources: Other	18,711	-
Rounding	-	-
Total Other Financing Sources	\$ 1,867,440	\$ -

Town of Bristol, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2018

<u>EXPENDITURES</u>	<u>General Government</u>	<u>Finance</u>	<u>Social Services</u>	<u>Centralized IT</u>	<u>Planning</u>	<u>Libraries</u>	<u>Public Works</u>	<u>Parks and Rec</u>	<u>Police Department</u>
Compensation- Group A	\$ 618,039	\$ 428,765	\$ 27,497	\$ -	\$ 415,832	\$ 570,392	\$ 1,857,737	\$ 357,008	\$ 2,920,717
Compensation - Group B	-	-	-	-	-	-	-	-	53,551
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	1,602	-	-	-	-	118,945	8,164	201,560
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	444,432
Active Medical Insurance - Group A	112,355	120,714	7,736	-	71,135	67,962	497,669	44,998	526,908
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	17,562
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	6,903	6,353	358	-	6,331	1,871	26,441	2,496	32,843
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,172
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	49,112	32,348	2,043	-	32,180	45,819	146,838	32,781	19,540
Life Insurance	8,366	7,320	523	-	6,274	8,366	35,185	4,706	41,829
State Defined Contribution- Group A	4,257	3,990	269	-	4,167	2,051	15,545	3,040	80,068
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	1,331,191
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	57,992	60,821	3,907	-	50,260	50,798	258,001	35,568	149,788
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	7,765
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	19,712
Purchased Services	475,552	53,111	-	-	76,364	-	326,421	92,708	-
Materials/Supplies	84,546	2,540	-	-	407	38,555	48,198	8,092	62,101
Software Licenses	-	5,200	-	-	-	-	5,681	-	-
Capital Outlays	214,669	-	-	-	-	5,197	-	-	162,295
Insurance	723,086	-	-	-	-	-	-	-	-
Maintenance	77,615	-	-	-	-	18,799	66,938	41,097	11,966
Vehicle Operations	3,721	-	-	-	4,269	-	263,224	8,966	162,778
Utilities	83,202	-	-	-	-	67,594	51,872	88,730	57,351
Contingency	4,339	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	133,001	-	-
Revaluation	-	126,599	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	246,614	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	30,375	-	-	-	-	-	-	-	-
Community Support	60,083	-	-	-	-	-	-	-	-
Other Operation Expenditures	380,813	3,987	7,859	-	33,724	33,170	551,704	19,142	95,617
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental 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	\$ 2,995,025	\$ 853,350	\$ 50,192	\$ -	\$ 700,943	\$ 910,574	\$ 4,650,014	\$ 747,496	\$ 6,400,746

Town of Bristol, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2018

<u>EXPENDITURES</u>	<u>Fire</u>	<u>Centralized</u>	<u>Public Safety</u>	<u>Education</u>	<u>Debt</u>	<u>OPEB</u>	<u>Total</u>	<u>Education</u>
	<u>Department</u>	<u>Dispatch</u>	<u>Other</u>	<u>Appropriation</u>			<u>Municipal</u>	<u>Department</u>
Compensation- Group A	\$ 308,084	\$ 340,940	\$ 231,573	\$ -	\$ -	\$ -	\$ 8,076,584	\$ -
Compensation - Group B	-	-	-	-	-	-	53,551	-
Compensation - Group C	-	-	-	-	-	-	-	-
Compensation -Volunteer	153,722	-	-	-	-	-	153,722	-
Overtime- Group A	-	26,831	952	-	-	-	358,054	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-
Police & Fire Detail	57,969	-	-	-	-	-	502,401	-
Active Medical Insurance - Group A	79,900	87,820	15,797	-	-	-	1,632,994	-
Active Medical Insurance- Group B	-	-	-	-	-	-	17,562	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	4,620	5,397	3,839	-	-	-	97,452	-
Active Dental Insurance- Group B	-	-	-	-	-	-	1,172	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-
Payroll Taxes	40,082	32,240	17,926	-	-	-	450,909	-
Life Insurance	4,183	8,366	4,183	-	-	-	129,301	-
State Defined Contribution- Group A	449	2,294	1,349	-	-	-	117,479	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	1,331,191	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	24,427	39,751	22,712	-	-	-	754,025	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	7,765	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	9,100	-	-	-	-	-	28,812	-
Purchased Services	425,592	-	8,523	-	-	-	1,458,271	-
Materials/Supplies	68,609	-	13,008	-	-	-	326,056	-
Software Licenses	16,903	14,584	2,984	-	-	-	45,352	-
Capital Outlays	62,710	-	-	-	-	-	444,871	-
Insurance	-	-	-	-	-	-	723,086	-
Maintenance	65,245	-	58,822	-	-	-	340,482	-
Vehicle Operations	114,571	-	6,196	-	-	-	563,725	-
Utilities	82,141	-	50,448	-	-	-	481,338	-
Contingency	-	-	-	-	-	-	4,339	-
Street Lighting	-	-	-	-	-	-	133,001	-
Revaluation	-	-	-	-	-	-	126,599	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	246,614	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	30,375	-
Community Support	-	-	-	-	-	-	60,083	-
Other Operation Expenditures	103,522	-	10,293	-	-	-	1,239,831	-
Local Appropriation for Education	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	25,443,305	-	-	25,443,305	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	2,474,011	-	2,474,011	-
Municipal Debt- Interest	-	-	-	-	930,894	-	930,894	-
School Debt- Principal	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	840,359	840,359	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,621,829	\$ 558,223	\$ 448,605	\$ 25,443,305	\$ 3,404,905	\$ 840,359	\$ 49,625,566	\$ -

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	286,806	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 286,806	\$ -
Net Change in Fund Balance¹	1,266,705	-
Fund Balance¹- beginning of year	\$9,206,756	\$0
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	5	-
Fund Balance¹ - beginning of year adjusted	9,206,761	-
Rounding	-	-
Fund Balance¹ - end of year	\$ 10,473,466	\$ -

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Bristol, Rhode Island
 Supplementary Information
 Annual Supplemental Transparency Report (MTP2)
 For the Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 9,206,756	-	\$ 9,206,756	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>Misc. adjustments made for fiscal 2018</i>						5	-	5	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 9,206,761</u>	<u>-</u>	<u>\$ 9,206,761</u>	
General Fund	\$ 48,970,270	\$ 1,867,440	\$ 49,284,199	\$ 286,806	\$ 1,266,705	\$ 9,206,761	\$ -	\$ 9,206,761	\$ 10,473,466
Totals per audited financial statements	<u>\$ 48,970,270</u>	<u>\$ 1,867,440</u>	<u>\$ 49,284,199</u>	<u>\$ 286,806</u>	<u>\$ 1,266,705</u>	<u>\$ 9,206,761</u>	<u>\$ -</u>	<u>\$ 9,206,761</u>	<u>\$ 10,473,466</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reimbursement for police details reported as a receivable on financial statements and a revenue/expense on MTP-2	\$ 341,367.00	\$ -	\$ 341,367.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 49,311,637</u>	<u>\$ 1,867,440</u>	<u>\$ 49,625,566</u>	<u>\$ 286,806</u>	<u>\$ 1,266,705</u>	<u>\$ 9,206,761</u>	<u>\$ -</u>	<u>\$ 9,206,761</u>	<u>\$ 10,473,466</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

*See accompanying notes to supplementary information
 See independent auditor's report*

Town of Bristol, Rhode Island

Notes to Supplementary Information – Annual Supplemental Transparency Report (“MTP2”)

For the Year Ended June 30, 2018

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. 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.

NOTE 2. 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.

NOTE 3. 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 City’s (or Town’s) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State’s departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students

Town of Bristol, Rhode Island

Notes to Supplementary Information – Annual Supplemental Transparency Report (“MTP2”)

For the Year Ended June 30, 2018

- For the remaining departments - all employees’ compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State’s Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

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/>.