TOWN OF BRISTOL, RHODE ISLAND

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2011

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TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2011

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Lefkowitz, Garfinkel, Champi & DeRienzo P.C.
Certified Public Accountants / Business Consultants

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town's discretely presented component unit, the Bristol Warren Regional School District (School), which represents 31 percent, 15 percent, and 55 percent, respectively, of the assets, net assets, and revenues of the primary government of the Town. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the School, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States.

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Independent Auditors' Report (Continued)

Members of the Town Council
Town of Bristol, Rhode Island

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10, and budgetary comparison schedule and historical pension and other postemployment benefit information on pages 62 through 66 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary tax collector's annual report on pages 67 and 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lefkowitz, Garfinkel, Champi & DeGiunzo P.C.

December 21, 2011

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

As management of the Town of Bristol (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Town exceeded its liabilities as of June 30, 2011 by $64,295,536 *(net assets)*. Of this amount, $13,302,517 *(unrestricted net assets)* may be used to meet the Town's ongoing obligations to citizens and creditors.

- As of June 30, 2011, the Town's governmental funds reported combined ending fund balances of $23,421,444, an increase of $5,056,968 in comparison with the prior year, principally the result of recognizing bond proceeds.

- As of June 30, 2011, the unassigned fund balance for the General Fund was $9,045,737, or approximately 23% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

Overview of the Financial Statements (Continued)

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

The Town maintains 78 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

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

The basic proprietary fund financial statements can be found on pages 17 through 20 of this report.

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

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 23 of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the Town, assets exceeded liabilities by $64,295,536 at the close of the 2011 fiscal year.

Town of Bristol's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 27,158,635	$ 23,157,341	$ 3,307,689	$ 2,611,827	$ 30,466,324	$ 25,769,168
Capital assets	50,047,216	47,632,189	39,159,795	37,706,796	89,207,011	85,338,985
Total assets	77,205,851	70,789,530	42,467,484	40,318,623	119,673,335	111,108,153
Long-term liabilities	33,689,482	27,985,414	19,061,161	17,218,938	52,750,643	45,204,352
Other liabilities	2,168,779	3,347,021	458,377	708,582	2,627,156	4,055,603
Total liabilities	35,858,261	31,332,435	19,519,538	17,927,520	55,377,799	49,259,955
Net assets:						
Invested in capital assets	20,907,480	24,164,378	20,751,151	21,136,899	41,658,631	45,301,277
Restricted	9,334,388	4,014,474			9,334,388	4,014,474
Unrestricted	11,105,722	11,278,243	2,196,795	1,254,204	13,302,517	12,532,447
Total net assets	$ 41,347,590	$ 39,457,095	$ 22,947,946	$ 22,391,103	$ 64,295,536	$ 61,848,198

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less outstanding debt equals $20,907,480. 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.

Government-wide Financial Analysis (Continued)

Town of Bristol's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 2,169,853	$ 2,093,538	$ 4,836,318	$ 4,583,301	$ 7,006,171	$ 6,676,839
Operating grants and contributions	568,018	819,007			568,018	819,007
Capital grants and contributions	1,368,623	232,290			1,368,623	232,290
General revenues:						
Property taxes	34,216,629	33,141,034			34,216,629	33,141,034
Grants and contributions not restricted to specific programs	2,219,052	3,195,537	271,037	154,957	2,490,089	3,350,494
Investment earnings	1,233,818	1,081,770	45,382	59,243	1,279,200	1,141,013
Miscellaneous	518,939	300,330			518,939	300,330
Total revenues	42,294,932	40,863,506	5,152,737	4,797,501	47,447,669	45,661,007
Expenses:						
General government	2,696,936	2,619,301			2,696,936	2,619,301
Public safety	8,061,247	7,351,478			8,061,247	7,351,478
Public works	6,182,687	6,149,313			6,182,687	6,149,313
Community services	2,588,006	2,620,534			2,588,006	2,620,534
Education	19,895,787	19,583,960			19,895,787	19,583,960
Interest on long-term debt	1,054,774	1,012,163			1,054,774	1,012,163
Sewer			4,520,894	4,522,201	4,520,894	4,522,201
Total expenses	40,479,437	39,336,749	4,520,894	4,522,201	45,000,331	43,858,950
Increase in net assets before transfers	1,815,495	1,526,757	631,843	275,300	2,447,338	1,802,057
Transfers	75,000	(54,994)	(75,000)	54,994	-	-
Increase in net assets	1,890,495	1,471,763	556,843	330,294	2,447,338	1,802,057
Net assets, beginning of year	39,457,095	37,985,332	22,391,103	22,060,809	61,848,198	60,046,141
Net assets, end of year	$ 41,347,590	$ 39,457,095	$ 22,947,946	$ 22,391,103	$ 64,295,536	$ 61,848,198

Governmental Activities

Governmental activities increased the Town's net assets by $1,890,495, accounting for 77% of the growth in the net assets of the Town. Much of this increase in net assets was attributed to the Town's tax revenues.

Business-Type Activities

Business-type activities increased the Town's net assets by $556,843, after the transfer of $75,000 to the General Fund.

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

As of June 30, 2011, the Town's governmental funds reported combined ending fund balances of $23,421,444. Approximately 15%, or $3,573,965, constitutes committed and assigned fund balances, which Town Council has designated for specific purposes. Approximately 38%, or $8,897,575, constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately 32%, or $7,544,103, is restricted by outside parties to be used for specific purposes. The remaining 15%, or $3,405,801, is non-spendable, 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, 2011, the total fund balance of the General Fund was $14,219,723, of which $9,045,737 was unassigned. Unassigned fund balance represents approximately 23% of total General Fund expenditures. Of the total fund balance, $1,751,224 was assigned to meet fiscal year 2012 General Fund expenditures.

The fund balance of the General Fund decreased by $364,735 in fiscal year 2011. The fiscal year 2011 annual budget for the Town's General Fund identified the appropriation of $1,880,000 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenditures for the year were $309,093 more than budgeted, primarily due to the purchase of land located on Bay View Avenue in the amount of $337,500. Actual revenues exceeded budgeted revenues by $1,476,252, principally due to property tax collections. Expenditures for education totaled $19,895,787, accounting for roughly 50% of total General Fund expenditures.

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

Unrestricted net assets of the Sewer Enterprise Fund at the end of the fiscal year amounted to $2,196,795. The financial statements for the fund can be found on pages 17 through 20 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were minor. Effective July 1, 2010, the Town began maintaining capital projects funds to track the various capital projects ongoing in the Town. The carry-forward of remaining budgets from prior years for capital projects recorded in the General Fund that were not completed as of June 30, 2010 have not been shown as a budget adjustment as the expenditures are now recorded in the Capital Projects Fund.

Town of Bristol's Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to $89,207,011, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, infrastructure and construction in progress.

Several major additions to the Town's capital assets related to its governmental activities were made during the year, including wastewater treatment plant upgrades, continued street paving and sidewalk repair programs, various drainage projects, upgrades to Town buildings, and the purchase of conservation easement rights on two open space properties.

At June 30, 2011, the Town is committed under construction contracts as follows:

Project	Contract	Spent to date	Remaining commitment
Wastewater Treatment Plant Upgrades	$ 3,354,455	$ 2,415,848	$ 938,607
Town Beach Drainage Project	861,895	840,348	21,547
Animal Shelter Construction Project	31,500	7,500	24,000
Fire Rescue Station Construction	5,680,725	5,650,725	30,000
	$ 9,928,575	$ 8,914,421	$ 1,014,154

Long-term debt. At June 30, 2011, the Town has total bonded debt and loans outstanding of $49,738,940, of which $29,320,000 is backed by the full faith and credit of the Town.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total equalized valuation. The current debt limitation for the Town is $85,456,887, which significantly exceeds the Town's current outstanding general obligation debt.

Long-term debt (continued). During 2011, the Town issued $5,720,000 in general obligation bonds, a portion of which was used to repay the $1,875,000 Bond Anticipation Note used for construction of the fire and rescue headquarters, and to fund the Capital Projects Fund for future capital outlays.

Additional information about the Town's long-term debt can be found in Note 9 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- The current 2011 average unemployment rate for Bristol County, which includes the Town, was 9.5%. This compares with an unemployment rate of 10.9% for the State of Rhode Island and a national unemployment rate of 9%.

- $1,751,224 of the General Fund fund balance was assigned to meet fiscal year 2012 General Fund expenditures.

- The Town's tax rate increased from $10.37 to $12.43 per thousand dollars of assessed value in the 2012 fiscal year, primarily due to a 12% reduction in net assessed values, 33% reduction in State Aid, 10% increase in benefit costs, and a 5% increase in education aid.

- The Town's appropriation to fund its contribution to the regional school district increased by $1,008,461, or 5%, to $20,904,248 for fiscal year 2012.

- During fiscal year 2012, the Town intends to issue approximately $2,000,000 of 20-year general obligation bonds to finance the construction of a new municipal animal shelter.

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 ASSETS

JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District	Bristol Fourth of July Committee (Unaudited)
ASSETS:					
Cash and cash equivalents	$ 17,342,850	$ 362,572	$ 17,705,422	$ 13,934,677	$ 113,444
Investments	4,382,661		4,382,661	9,787	
Accounts receivable, less allowance for doubtful accounts of $378,132:					
Property taxes	1,468,884		1,468,884		
Federal and state government	2,316,180		2,316,180	189,560	
Assessments and user fees		265,602	265,602		
Other	529,676		529,676		
Internal balances	(2,001,301)	2,001,301	-		
Inventory	10,476		10,476		
Property held for sale	250,000		250,000		
Pension and OPEB asset, net	437,985		437,985		
Noncurrent assessments and user fees		373,962	373,962		
Note receivable, component unit	1,910,000		1,910,000		
Loans and notes receivable	236,033		236,033		
Deferred charges, net	275,191	304,252	579,443	339,360	
Capital assets not being depreciated	10,322,496	994,793	11,317,289	52,339	
Capital assets being depreciated, net	39,724,720	38,165,002	77,889,722	38,347,331	
Total assets	77,205,851	42,467,484	119,673,335	52,873,054	113,444
LIABILITIES:					
Accounts payable and accrued expenses	1,396,363	458,377	1,854,740	5,647,972	-
Unearned revenue	772,416		772,416	1,045	
OPEB obligation, net				4,291,625	
Note payable, primary government:					
Due within one year				70,000	
Due in more than one year				1,840,000	
Long-term obligations:					
Due within one year	1,960,458	1,519,042	3,479,500	2,287,000	
Due in more than one year	31,729,024	17,542,119	49,271,143	27,618,616	
Total liabilities	35,858,261	19,519,538	55,377,799	41,756,258	-
Commitments and contingencies (Notes 12 and 13)					
NET ASSETS:					
Invested in capital assets, net of related debt	20,907,480	20,751,151	41,658,631	7,674,078	-
Restricted for:					
Capital projects funded with bond proceeds	3,682,137		3,682,137		
Community development	360,643		360,643		
Other purposes:					
Expendable	3,420,770		3,420,770		
Nonexpendable	1,870,838		1,870,838		
Unrestricted	11,105,722	2,196,795	13,302,517	3,442,718	113,444
Total net assets	$ 41,347,590	$ 22,947,946	$ 64,295,536	$ 11,116,796	$ 113,444

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 2,659,172	$ 676,537	$ 89,748	$ 427,604	$ (1,465,283)		$ (1,465,283)	
Public safety	7,786,423	824,937	113,496	219,009	(6,628,981)		(6,628,981)	
Public works	6,519,819	565,496	53,957	664,658	(5,235,708)		(5,235,708)	
Community services	2,563,462	54,701	310,817	57,352	(2,140,592)		(2,140,592)	
Education	19,895,787	48,182	-	-	(19,847,605)		(19,847,605)	
Interest on long-term debt	1,054,774	-	-	-	(1,054,774)		(1,054,774)	
Total governmental activities	40,479,437	2,169,853	568,018	1,368,623	(36,372,943)		(36,372,943)	
Business-type activities:								
Sewer	4,520,894	4,836,318	-	-	-	$ 315,424	315,424	
Total primary government	$ 45,000,331	$ 7,006,171	$ 568,018	$ 1,368,623	(36,372,943)	315,424	(36,057,519)	
Component units:								
Bristol Warren Regional School District	$ 57,547,024	$ 1,178,332	$ 57,638,168	$ -				$ 1,269,476
Bristol Fourth of July Committee (unaudited)	415,041	399,953	36,455					21,367
Total component units	$ 57,962,065	$ 1,578,285	$ 57,674,623	$ -				1,290,843
General revenues:								
Property taxes					34,216,629		34,216,629	
Grants and contributions not restricted to specific programs					2,219,052	271,037	2,490,089	
Investment earnings					1,233,818	45,382	1,279,200	92,015
Miscellaneous					518,939		518,939	17,560
Transfers					75,000	(75,000)	-	
Total general revenues and transfers					38,263,438	241,419	38,504,857	109,575
Change in net assets					1,890,495	556,843	2,447,338	1,400,418
Net assets, beginning of year:								
As previously reported					39,457,095	22,391,103	61,848,198	10,132,816
Prior period adjustments (Note 15)								(302,994)
As restated					39,457,095	22,391,103	61,848,198	9,829,822
Net assets, end of year					$ 41,347,590	$ 22,947,946	$ 64,295,536	$ 11,230,240

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 16,004,496	$ 457,949	$ 880,405	$ 17,342,850
Investments	711,426		3,671,235	4,382,661
Receivables:				
Property taxes, less allowance for doubtful accounts of $378,132	1,468,884			1,468,884
Intergovernmental	1,034,928	1,074,996	206,256	2,316,180
Other	493,923	2,485	33,268	529,676
Due from other funds	786,870	4,806,071	353,466	5,946,407
Inventory	10,476			10,476
Advance to other fund	291,675			291,675
Property held for sale	250,000			250,000
Loans and notes receivable	236,033			236,033
Note receivable, component unit	1,910,000			1,910,000
Total assets	$ 23,198,711	$ 6,341,501	$ 5,144,630	$ 34,684,842
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 901,846	$ 56,252	$ 24,582	$ 982,680
Due to other funds	7,063,958	410,090	473,660	7,947,708
Deferred revenue	1,013,184	964,859	63,292	2,041,335
Advance from General Fund			291,675	291,675
Total liabilities	8,978,988	1,431,201	853,209	11,263,398
Fund balances:				
Nonspendable:				
Legally			577,617	577,617
Form	2,828,184			2,828,184
Restricted		3,682,137	3,861,966	7,544,103
Committed	556,167			556,167
Assigned	1,789,635	1,228,163		3,017,798
Unassigned	9,045,737		(148,162)	8,897,575
Total fund balances	14,219,723	4,910,300	4,291,421	23,421,444
Total liabilities and fund balances	$ 23,198,711	$ 6,341,501	$ 5,144,630	$ 34,684,842

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET ASSETS

JUNE 30, 2011

Total fund balances for governmental funds		$ 23,421,444
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net	$ 50,047,216	
Pension and OPEB asset, net	437,985	
Deferred charges, net	275,191	50,760,392
Some taxes and grants will be collected after year-end but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the funds.		1,268,919
Liabilities not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	30,719,815	
Capital leases	329,921	
Compensated absences payable	2,639,746	
Accrued interest	413,683	(34,103,165)
Net assets of governmental activities		$ 41,347,590

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 33,957,374			$ 33,957,374
Intergovernmental	1,853,971	$ 1,140,564	$ 758,800	3,753,335
Licenses, permits and fees	1,888,154			1,888,154
Investment earnings	596,013	566	637,239	1,233,818
Other revenues	586,830	148,443	191,375	926,648
Total revenues	38,882,342	1,289,573	1,587,414	41,759,329
Expenditures:				
Current:				
General government	1,535,055	10,667	51,422	1,597,144
Public safety	4,608,466	98,562	80,428	4,787,456
Public works	4,395,457	4,024	198,146	4,597,627
Community services	1,287,373	15,293	372,221	1,674,887
Education	19,895,787			19,895,787
Insurance, payroll taxes and benefits	4,810,179			4,810,179
Debt service:				
Principal	1,685,333			1,685,333
Interest	942,677			942,677
Bond issuance costs	52,591			52,591
Fees and charges	10,743			10,743
Capital outlay	558,175	3,427,706	84,977	4,070,858
Total expenditures	39,781,836	3,556,252	787,194	44,125,282
Excess (deficiency) of revenues over expenditures	(899,494)	(2,266,679)	800,220	(2,365,953)
Other financing sources (uses):				
Bond and notes proceeds	2,212,500	4,724,172		6,936,672
Bond premium	103,360			103,360
Transfers from other funds	743,623	2,808,658	23,955	3,576,236
Transfers to other funds	(2,832,613)	(567,196)	(101,427)	(3,501,236)
Proceeds from sale of capital assets	307,889			307,889
Total other financing sources (uses)	534,759	6,965,634	(77,472)	7,422,921
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(364,735)	4,698,955	722,748	5,056,968
Fund balances, beginning of year	14,584,458	211,345	3,568,673	18,364,476
Fund balances, end of year	$ 14,219,723	$ 4,910,300	$ 4,291,421	$ 23,421,444

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2011

Net change in fund balances for governmental funds		$ 5,056,968
Governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over the life of the related asset and reported as depreciation expense.		
Capital outlays, including amounts charged to current expenditures	$ 4,237,706	
Depreciation expense	(1,822,679)	2,415,027
Governmental funds report bond issuance costs as expenditures; however, in the statement of activities these costs are allocated over the life of the related debt and reported as amortization expense.		
Bond issuance costs	52,591	
Amortization expense	(19,161)	33,430
Revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		192,714
Change in OPEB asset is recorded in the statement of activities, but not in the governmental funds		(6,763)
Change in pension asset is recorded in the statement of activities, but not in the governmental funds		(924)
The issuance of long-term debt (including premiums or discounts) provides current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment and refunding of bonds and notes use current financial resources, but decrease long-term liabilities in the statement of net assets. Bond premiums, discounts and refunding charges are deferred and amortized as part of future interest expense.		
Principal repayment on general obligation bonds and capital leases	1,685,333	
Draws on loan proceeds held by the State of Rhode Island	(549,251)	
Issuance of general obligation bonds and loans payable	(6,057,500)	
Capital lease	(329,921)	
Premium on bond issuance	(103,360)	
Amortization of premiums, discounts and deferred charges on refunding	(5,465)	(5,360,164)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued compensated absences	(343,904)	
Accrued interest	(95,889)	(439,793)
Change in net assets of governmental activities		$ 1,890,495

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET ASSETS – PROPRIETARY FUND

JUNE 30, 2011

ASSETS:	
Current assets:	
Cash and cash equivalents	$ 362,572
Accounts receivable, assessments and user fees receivable	265,602
Due from other funds	2,001,301
Total current assets	2,629,475
Noncurrent assets:	
Assessments and user fees receivable	373,962
Deferred charges, net of amortization of $433,465	304,252
Capital assets not being depreciated	994,793
Capital assets being depreciated, net	38,165,002
Total assets	42,467,484
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued expenses	458,377
Current portion of long-term debt	1,519,042
Total current liabilities	1,977,419
Noncurrent liabilities, long-term debt, net of current portion	17,542,119
Total liabilities	19,519,538
NET ASSETS:	
Invested in capital assets, net of related debt	20,751,151
Unrestricted	2,196,795
Total net assets	$ 22,947,946

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2011

Operating revenues:	
User fees	$ 4,711,339
Other revenues	124,979
Total operating revenues	4,836,318
Operating expenses:	
Salaries and benefits	1,648,668
Materials and supplies	161,543
Repairs and maintenance	480,610
Depreciation	1,272,090
Utilities	453,276
Miscellaneous	8,589
Total operating expenses	4,024,776
Operating income	811,542
Nonoperating revenues (expenses):	
Interest revenue	45,382
Interest expense	(449,935)
Amortization of bond issuance costs	(39,704)
Loss on disposal	(6,479)
Total nonoperating revenues (expenses)	(450,736)
Income before capital contributions and transfers	360,806
Capital contributions:	
Sewer assessments	(34,843)
Capital grants	305,880
Transfers to other funds	(75,000)
Change in net assets	556,843
Net assets, beginning of year	22,391,103
Net assets, end of year	$ 22,947,946

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

YEAR ENDED JUNE 30, 2011

Cash flows from operating activities:	
Cash received from customers	$ 4,673,735
Cash received from other sources	124,979
Cash paid for employees and benefits	(1,660,788)
Cash paid to suppliers	(905,955)
Net cash provided by operating activities	2,231,971
Cash flows from noncapital financing activities:	
Transfers to other funds	(75,000)
Interfund borrowings	(379,791)
Cash used in noncapital financing activities	(454,791)
Cash flows from capital and related financing activities:	
Capital contributions	45,043
Acquisition and construction of fixed assets	(203,014)
Bonds issued	622,764
Loss on disposal	(6,479)
Principal paid on bonds and notes	(1,500,883)
Interest paid on bonds and notes	(429,942)
Net cash used in capital and related financing activities	(1,472,511)
Cash provided by investing activities, interest received	45,382
Net increase in cash and cash equivalents	350,051
Cash and cash equivalents, beginning of year	12,521
Cash and cash equivalents, end of year	$ 362,572

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)

YEAR ENDED JUNE 30, 2011

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 811,542
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,272,090
Changes in assets and liabilities:	
Accounts receivable, user fees	(37,604)
Accrued compensated absences	(5,020)
Accounts payable and accrued expenses	190,963
Net cash provided by operating activities	$ 2,231,971
Supplemental disclosures, noncash capital and related financing activities:	
Acquisition and construction of fixed assets paid from loan proceeds held by State of Rhode Island	$ 2,677,162
Loan issuance costs paid from loan proceeds held by State of Rhode Island	$ 48,200
Reductions in capital contributions from new sewer construction assessments receivable over twenty years	$ (34,843)
Acquisition of fixed assets paid from capital grants	$ 305,880

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF FIDUCIARY NET ASSETS –
FIDUCIARY FUNDS

JUNE 30, 2011

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS:				
Cash and cash equivalents	$ 320,536		$ 1,087,227	$ 215,336
Investments	12,028,953	$ 2,341,707	2,861,770	
Cash surrender value of life insurance		607,234		
Receivables:				
Investment income			9,226	
Contributions	41,667			
Other		64,781	59,541	318,708
Prepaid expenses	104,826			
Total assets	12,495,982	3,013,722	4,017,764	$ 534,044
LIABILITIES:				
Deposits held in custody for others				$ 534,044
Total liabilities				$ 534,044
NET ASSETS:				
Held in trust for pension benefits and other purposes	$ 12,495,982	$ 3,013,722	$ 4,017,764	

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS –
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2011

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
Additions to net assets:			
Contributions:			
Employer	$ 784,676	$ 884,425	
Plan members	60,757	63,726	
Life policies		50,000	
Donors			$ 160,599
	845,433	998,151	160,599
Investment income, net:			
Interest income	342,351	52,272	99,057
Net appreciation in fair value of investments	1,828,620	396,179	394,073
	2,170,971	448,451	493,130
Total additions	3,016,404	1,446,602	653,729
Deductions from net assets:			
Benefits	1,228,918	746,002	
Administrative expense	136,987		
Trust expenses			87,046
Total deductions	1,365,905	746,002	87,046
Change in net assets	1,650,499	700,600	566,683
Net assets, beginning of year	10,845,483	2,313,122	3,451,081
Net assets, end of year	$ 12,495,982	$ 3,013,722	$ 4,017,764

See notes to basic financial statements.

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 applicable to governmental entities (U.S. GAAP). In certain instances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

Reporting entity:

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

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

In 1991, the General Assembly authorized the Towns of Bristol and Warren to form a regional school district of all the 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 No. 39, "Determining Whether Certain Organizations are Component Units." 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 Statement Nos. 14 and 39 criteria, the Bristol Warren Regional School District (District) and the Bristol Fourth of July Committee (Committee) have been presented as component units of the Town, hereinafter referred to as "component units," in the accompanying government-wide financial statements.

1. Summary of significant accounting policies (continued):

Reporting entity (continued):

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

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

Recent accounting pronouncement:

Effective July 1, 2010, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). This statement revises the governmental fund type definitions and provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

Basis of presentation:

Government-wide financial statements:

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

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

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements:

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

(a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

(b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

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

Governmental funds:

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

General Fund:

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

Special revenue funds:

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

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

Capital projects funds:

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

Permanent funds:

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

Proprietary funds:

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

Fiduciary funds:

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

Police Retirement Trust:

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

Other Postemployment Benefits (OPEB) Trust:

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

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Fiduciary funds (continued):

Private purpose trusts:

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

Agency:

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

Measurement focus and basis of accounting:

The government-wide financial statements, including the component units, are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as deferred revenues. 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.

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Those revenues susceptible to accrual are property taxes, special assessments, payments in lieu of taxes, state aid, telephone, hotel and meals taxes collected by the State 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 received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made, provided the grants are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as deferred revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Summary of significant accounting policies (continued):

Property taxes:

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

For 2011, Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 4.5% over that of the preceding fiscal year. The rate decreases annually by .25% to 4% in 2013.

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.

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash and cash equivalents:

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

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

1. Summary of significant accounting policies (continued):

Investments:

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

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

Inventory:

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

1. Summary of significant accounting policies (continued):

Capital assets:

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

Capitalizable fixed assets are defined by the Town as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

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

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

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

Bond issuance costs:

Bond issuance costs for government-wide operations and proprietary funds are deferred and amortized over the terms of the bonds using the straight-line method. In governmental funds, bond issuance costs are recognized as debt service expenditures in the current period.

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 vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term obligations:

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

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

The Town's net assets have been segregated into the following three components:

Invested in capital assets, net of related debt – represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted – those 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.

Unrestricted – a residual category for the balance of net assets.

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:

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

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation

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

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

2. Fund balances:

The following individual funds had deficit fund balances as of June 30, 2011. In most cases, deficit balances were a result of anticipated revenues not yet received at the fiscal year-end and not recognized under the current financial resources measurement focus of the governmental funds.

Nonmajor governmental funds:

CDBG 2008	$ 113
Bristol Marine Trades	29,865
CDBG 2009	50,798
DEM Trails Grant	500
Planning Engineer	42,447
Recreation T-Shirts	179
Silver Creek (Recreation)	5,220
Bryne/Jag Grant	19,050
	$ 148,172

3. Cash and investments:

Cash and cash equivalents (deposits):

At June 30, 2011, the carrying amount of the Town's deposits, excluding component units and including $4,065,863 of cash equivalents, was $19,328,521 and the bank balance was $19,771,904. The bank balance includes $15,056,754 that was uninsured and collateralized with securities held by the pledging financial institution, but not in the Town's name and $405,418 that was uninsured and uncollateralized. The carrying amount includes $1,623,099 in fiduciary funds.

3. Cash and investments (continued):

Cash and cash equivalents (deposits) (continued):

At June 30, 2011, deposits are categorized as follows:

	Insured/ collateralized in Town's name	Maturities	Total bank balance	Carrying amount
Deposits:				
Demand deposits	$ 4,309,732		$ 15,656,646	$ 15,213,263
Repurchase agreements		7/1/11	4,065,863	4,065,863
Money market			49,395	49,395
	$ 4,309,732		$ 19,771,904	$ 19,328,521

At June 30, 2011, the carrying amount of the District's deposits was $13,934,677 and the bank balance was $14,217,616, all of which was insured.

At September 30, 2010, the carrying amount of the Committee's deposits was $113,444 and the bank balance was $117,453, all of which was insured.

3. Cash and investments (continued):

Investments:

At June 30, 2011, the Town's investments (including $17,232,430 held in fiduciary funds) are as follows:

Description	Fair value	Interest rate	Maturity	Rating
U.S. Government Securities:				
United States Treasury Notes	$ 1,205,648	.75-7.25%	11/15/10-8/15/19	AAA
United States Treas NT Inflation Index	38,159	2.375%	1/15/2017	AAA
Federal Home Loan Bank Bonds	133,718	4.250%	6/14/2013	AAA
Federal Home Loan Mortgage Corp	555,573	4.75-5.125%	3/5/12-11/17/17	AAA
Federal National Mortgage Assn	460,245	2.875-6.25%	11/15/11-5/15/29	AAA
Federal Natl Mtg Assn Generic Strips	236,304	N/A	11/15/11-5/15/25	AAA
TSY Inflation Index Bond	195,079	1.875%	3/5/2012	AAA
Gov't Agency asset-backed trusts:				
Federal Home Loan Mortgage Corp Pool	18,079	5-5.5%	7/1/19-1/1/23	AAA
Federal National Mortgage Assn Pool	111,566	4.5-6%	12/1/34-4/1/39	AAA
Corporate bonds:				
	162,881	2.8-5.25%	10/19/12-1/8/13	AA+
	80,015	4.95-5.3%	8/26/11-8/15/14	AA-
	56,977	2.8-5.5%	2/22/16-5/15/18	A+
	258,545	5.875-7.875%	2/1/12-6/15/19	A
	89,856	5.7-8.75%	9/17/12-7/1/19	A-
	219,594	5.25-8.5%	5/1/12-11/30/39	BBB+
	172,335	5-8.125%	5/1/12-2/1/20	BBB
	140,130	5.375-7%	5/15/12-2/11/20	BBB-
Corporate asset-backed trusts	13,211	5.6%	6/16/2014	AAA
Foreign government bonds	26,963	5.875-7.5%	1/14/12-2/17/14	BBB+
Foreign corporate bonds:				
	42,328	4.200%	2/27/2015	AA
	31,871	4.875%	5/20/2013	A+
	21,063	3.875%	3/10/2015	A
	5,732	5.750%	10/23/2017	A-
	10,785	5.250%	7/22/2013	BBB+
Preferred stocks	300,825	N/A	N/A	N/A
Common stocks	11,133,439	N/A	N/A	N/A
Bond mutual funds:				
ISHARES IBOXX $ Investment Grade Corporate Bond Fund	589,195	N/A	N/A	BBB+f
ISHARES JP Morgan USD Emerging Markets	218,640	N/A	N/A	BB-f
ISHARES Dow Jones Select Dividend Index Fund	264,600	N/A	N/A	N/A
Other mutual funds	4,821,735	N/A	N/A	N/A
	$ 21,615,091			

3. Cash and investments (continued):

Investments (continued):

Interest rate risk:

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

Approximately 20% of the Town's 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. The remaining 80% of the 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.

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, 2011, 55% of the Town's investments subject to credit risk were rated AAA, 26% were rated less than A-, and 5% 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, 2011, the Town had a diversified portfolio and the only single issuer of more than 5% of the Town's investments was the United States of America. Although approximately 80% of the investments were held in stocks and mutual funds, these investments were in a wide range of companies and various industries, enabling the Town to minimize its risk.

Custodial credit risk:

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

4. Interfund transactions:

Interfund receivables and payables at June 30, 2011 are as follows:

Receivable Fund	Payable Fund	Amount
Due to/from:		
Governmental funds:	Governmental funds:	
General Fund	Capital Projects Fund	$ 410,090
	Nonmajor funds	376,780
		786,870
Capital Projects Fund	General Fund	4,721,071
	Nonmajor funds	85,000
		4,806,071
Nonmajor funds	Governmental funds:	
	General Fund	341,586
	Nonmajor funds	11,880
		353,466
Enterprise funds:	Governmental funds:	
Sewer	General Fund	2,001,301
		$ 7,947,708
Advances to/from:		
Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	$ 291,675

Operating transfers between funds for the year ended June 30, 2011 were as follows:

Transfer to	Transfer from	Amount
Governmental funds:	Governmental funds:	
General Fund	Capital Projects Fund	$ 567,196
	Nonmajor funds	101,427
		668,623
	Enterprise funds:	
	Sewer	75,000
		743,623
Governmental funds:	Governmental funds:	
Capital Projects Fund	General Fund	2,808,658
Governmental funds:	Governmental funds:	
Nonmajor funds	General Fund	23,955
		$ 3,576,236

5. Note receivable, component unit:

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

6. Capital assets:

	Beginning balances	Increases	Decreases	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,443,888	$ 829,910	$ 3,600	$ 10,270,198
Construction in progress	818,075	33,125	798,902	52,298
Total capital assets not being depreciated	10,261,963	863,035	802,502	10,322,496
Capital assets being depreciated:				
Buildings and improvements	23,327,529	738,915	19,039	24,047,405
Vehicles	5,918,295	869,170	131,118	6,656,347
Machinery and equipment	3,629,366	92,846		3,722,212
Infrastructure	21,745,463	2,476,242		24,221,705
Total capital assets being depreciated	54,620,653	4,177,173	150,157	58,647,669
Less accumulated depreciation for:				
Buildings and improvements	4,593,199	594,168	19,039	5,168,328
Vehicles	4,664,088	337,220	131,118	4,870,190
Machinery and equipment	1,031,401	241,091		1,272,492
Infrastructure	6,961,739	650,200		7,611,939
Total accumulated depreciation	17,250,427	1,822,679	150,157	18,922,949
Total capital assets being depreciated, net	37,370,226	2,354,494	-	39,724,720
Governmental activities capital assets, net	$ 47,632,189	$ 3,217,529	$ 802,502	$ 50,047,216
Business-type activities – Sewer Fund:				
Capital assets not being depreciated:				
Land	$ 810,278		$ -	$ 810,278
Construction in progress	103,884	$ 80,631		184,515
Total capital assets not being depreciated	914,162	80,631	-	994,793
Capital assets being depreciated:				
Sewer lines	47,393,041	368,948		47,761,989
Building and improvements	1,385,802	2,249,311		3,635,113
Equipment	1,554,004	32,678	28,250	1,558,432
Total capital assets being depreciated	50,332,847	2,650,937	28,250	52,955,534
Less accumulated depreciation for:				
Sewer lines	12,616,887	1,014,678		13,631,565
Building and improvements	56,702	166,718		223,420
Equipment	866,624	90,694	21,771	935,547
Total accumulated depreciation	13,540,213	1,272,090	21,771	14,790,532
Total capital assets being depreciated, net	36,792,634	1,378,847	6,479	38,165,002
Business-type activities capital assets, net	$ 37,706,796	$ 1,459,478	$ 6,479	$ 39,159,795

(continued)

6. Capital assets (continued):

Component unit:	Beginning balances	Increases	Decreases	Ending balances
Capital assets not being depreciated, construction in progress	$ 55,668	$ 579,969	$ 583,298	$ 52,339
Capital assets being depreciated:				
Buildings and improvements	62,237,443	829,753	-	63,067,196
Vehicles	190,417	91,788		282,205
Machinery and equipment	1,223,029	15,992		1,239,021
Total capital assets being depreciated	63,650,889	937,533	-	64,588,422
Less accumulated depreciation for:				
Buildings and improvements	22,627,945	2,421,786	-	25,049,731
Vehicles	973,421	63,261		1,036,682
Machinery and equipment	152,621	2,057		154,678
Total accumulated depreciation	23,753,987	2,487,104	-	26,241,091
Total capital assets being depreciated, net	39,896,902	(1,549,571)	-	38,347,331
Component unit capital assets, net	$ 39,952,570	$ (969,602)	$ 583,298	$ 38,399,670

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 114,235
Public safety	684,969
Public works	631,344
Community services	392,131
	$ 1,822,679
Business-type activities:	
Sewer Fund	$ 1,272,090
Component unit:	
Education	$ 2,487,104

7. Accounts payable and accrued expenses:

	Vendors	Other governments	Employees	Accrued interest	Total
Governmental activities:					
General Fund	$ 703,270	$ 25,651	$ 172,925	$ -	$ 901,846
Capital Projects Fund	56,252				56,252
Nonmajor funds	24,582				24,582
Reconciliation of balances in fund financial statements to government-wide financial statements				413,683	413,683
	784,104	25,651	172,925	413,683	1,396,363
Business-type activities:					
Sewer	296,412	50	13,177	148,738	458,377
Total primary government	$ 1,080,516	$ 25,701	$ 186,102	$ 562,421	$ 1,854,740
Component unit:					
Bristol Warren Regional School District	$ 309,461	$ -	$4,990,157	$ 348,354	$ 5,647,972

8. General Obligation Bond Anticipation Note (BAN):

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Outstanding at June 30, 2010	New issues	Maturities	Outstanding at June 30, 2011
Public Safety Building	$ 1,875,000	2/17/10	0.65%	2/17/2011	$ 1,875,000	$ -	$ 1,875,000	$ -

Note: All BANS, including interest, are recorded in the General Fund. At maturity, the obligation is either rolled over or replaced with long-term debt.

9. Long-term obligations:

Changes in long-term obligations during the year ended June 30, 2011 were as follows:

	Balance, June 30, 2010	Additions	Retirements	Balance, June 30, 2011	Due within one year
Governmental activities:					
Bonds and loan payable:					
Bonds and loans	$ 26,289,777	$ 6,057,500	$ 1,685,333	$ 30,661,944	$ 1,552,429
Deferred amounts:					
For issuance premiums	21,290	103,360	2,985	121,665	2,985
On refunding	(46,012)		(8,450)	(37,562)	8,450
Less undrawn loan proceeds held by the State	(575,483)		(549,251)	(26,232)	
Total bonds and loans payable	25,689,572	6,160,860	1,130,617	30,719,815	1,563,864
Capital lease	-	329,921		329,921	41,822
Accrued compensated absences	2,295,842	343,904		2,639,746	354,772
Total long-term obligations	$ 27,985,414	$ 6,834,685	$ 1,130,617	$ 33,689,482	$ 1,960,458
Business-type activities:					
Bonds and loans payable:					
Bonds and loans	$ 23,667,643	$ 3,070,000	$ 1,531,567	$ 25,206,076	$ 1,476,636
Deferred amounts on refunding	(91,094)		(30,683)	(60,411)	(30,683)
Less undrawn loan proceeds held by the State	(6,710,895)	(3,070,000)	(3,348,126)	(6,432,769)	
Total bonds and loans payable	16,865,654	-	(1,847,242)	18,712,896	1,445,953
Accrued compensated absences	353,285	-	5,020	348,265	73,089
Total long-term obligations	$ 17,218,939	$ -	$ (1,842,222)	$ 19,061,161	$ 1,519,042
Component unit:					
Bonds payable	$ 30,355,000		$ 1,890,000	$ 28,465,000	$ 1,940,000
Deferred amounts for issuance premiums	57,780		6,420	51,360	
Due to primary government	1,980,000		70,000	1,910,000	70,000
Accrued compensated absences	1,655,408	$ 246,231	512,383	1,389,256	347,000
Bonds and notes	$ 34,048,188	$ 246,231	$ 2,478,803	$ 31,815,616	$ 2,357,000

9. Long-term obligations (continued):

General obligation bonds, loans payable, and capital leases outstanding at June 30, 2011 are as follows:

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2010	New issues	Maturities	Balance, June 30, 2011
Governmental activities:								
General obligation bonds payable:								
Refunding bond	$ 2,730,000	6/1/01	4-4.35%	12/15/2012	$ 497,000		$ 311,500	$ 185,500
Refunding bond	1,813,350	8/15/02	3.1-3.85%	10/1/2013	86,100		21,000	65,100
Road, sidewalks and capital improvements	2,500,000	5/1/05	3.5-5%	5/1/2025	1,875,000		125,000	1,750,000
Road and sidewalks	1,000,000	5/1/06	4-5.5%	5/1/2026	800,000		50,000	750,000
Sidewalks, fire/rescue building, open space, drainage	7,125,000	2/15/07	3.75-5%	2/15/2027	6,335,000		370,000	5,965,000
Library, Colt School, burial ground, roads, public safety, open space	12,210,000	2/18/09	2-4.375%	2/15/2029	11,820,000		405,000	11,415,000
Roads, open space, drainage	1,750,000	2/15/10	3-4%	2/15/2030	1,750,000		75,000	1,675,000
Refunding bond	1,700,000	2/15/10	1.7-2.9%	8/15/2019	1,700,000		230,000	1,470,000
Roads, public safety, open space, drainage	5,720,000	2/17/11	3-4.2%	2/15/2031	-	$ 5,720,000	-	5,720,000
Loans payable:								
RI Clean Water Protection Finance Agency:								
Landfill	1,200,000	9/1/97	2.71700%	9/1/2017	577,625		64,036	513,589
Water pollution control Series 09A	1,000,000	10/9/09	.36-2.04%	9/1/2029	849,052		33,797	815,255
Note payable, King	337,500	11/9/10	4.00%	11/9/2015	-	337,500		337,500
Capital leases, rescue truck	329,921	4/20/11	3.89%	4/20/2018	-	329,921		329,921
	$ 39,415,771				26,289,777	6,387,421	1,685,333	30,991,865
Less undrawn loan proceeds held by the State, available for sewer projects					(575,483)		(549,251)	(26,232)
					$ 25,714,294	$ 6,387,421	$ 1,136,082	$ 30,965,633
Business-type activities:								
Enterprise Fund, Sewer:								
General obligation bonds payable:								
Refunding bond	$ 1,170,000	6/1/01	3.9-4.35%	12/15/2012	$ 213,000		$ 133,500	$ 79,500
Refunding bond	6,821,650	8/15/02	2.75-3.85%	10/1/2013	323,900		79,000	244,900
Loans payable:								
RI Clean Water Protection Finance Agency:								
Compost loan #2	4,000,000	3/12/92	3.25420%	9/1/2012	802,848		257,816	545,032
Compost loan #1	780,000	11/2/92	3.25420%	9/1/2012	156,556		50,274	106,282
Water pollution control	3,700,000	8/25/99	2.82800%	9/1/2019	2,189,218		192,484	1,996,734
Water pollution control	4,695,000	4/25/02	1.25450%	9/1/2022	3,353,637		214,612	3,139,025
Water pollution control	1,000,000	12/30/04	.95-1.525%	9/1/2024	780,000		46,000	734,000
Water pollution control	3,655,000	12/15/05	1.15-1.555%	9/1/2025	3,026,000		164,000	2,862,000
Water pollution control	3,700,000	12/21/06	1.205-1.385%	9/1/2027	3,385,000		162,000	3,223,000
Water pollution control	3,245,000	12/12/07	1.175-1.630%	9/1/2028	3,109,000		138,000	2,971,000
Water pollution control	2,600,000	10/9/09	.36-2.04%	9/1/2029	2,358,484		93,881	2,264,603
Water pollution control	3,970,000	6/24/10	.61-3.25%	9/1/2031	3,970,000			3,970,000
Water pollution control	3,070,000	3/29/11	.42-3.33%	9/1/2031	-	$ 3,070,000		3,070,000
	$ 42,406,650				23,667,643	3,070,000	1,531,567	25,206,076
Less undrawn loan proceeds held by the State, available for sewer projects					(6,710,895)	(3,070,000)	(3,348,126)	(6,432,769)
					$ 16,956,748	$ -	$ (1,816,559)	$ 18,773,307
Component unit:								
General obligation bonds payable:								
Schools	$ 3,865,000	3/15/04	1.5-3.5%	9/1/2015	$ 1,865,000	$ -	$ 330,000	$ 1,535,000
Schools	1,700,000	6/27/06	4.0-5.0%	5/15/2026	1,460,000		65,000	1,395,000
Schools	8,900,000	5/16/07	4.0-5.0%	6/30/2027	8,000,000		325,000	7,675,000
Schools	12,200,000	5/14/08	2.5-5.0%	4/1/2028	11,405,000		420,000	10,985,000
Schools	8,430,000	3/28/09	2.0-5.0%	7/15/2018	7,625,000		750,000	6,875,000
	$ 35,095,000				$ 30,355,000	$ -	$ 1,890,000	$ 28,465,000

9. Long-term obligations (continued):

General obligation bonds and loans payable:

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

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2010 was $2,848,562,912, limiting the amount of non-exempted general obligation bonds outstanding to $85,456,887. At June 30, 2011, bonds outstanding, excluding component units, totaled $29,320,000.

Capital Leases:

The Town entered into capital lease agreement to finance the acquisition of a rescue vehicle. The total cost of the of the rescue vehicle was $777,043

9. Long-term obligations (continued):

At June 30, 2011, scheduled annual debt service requirements for the bonds payable, loans payable and capital leases (excluding interest adjustments for the undrawn balance and including amounts due to the primary government from the component unit) are as follows:

Year ending June 30,	Principal	Interest	Total
Governmental activities:			
2012	$ 1,594,251	$ 1,128,065	$ 2,722,316
2013	1,923,199	1,081,535	3,004,734
2014	1,842,975	1,017,043	2,860,018
2015	1,830,574	962,365	2,792,939
2016	1,805,638	906,532	2,712,170
2017-2021	8,461,551	3,665,368	12,126,919
2022-2026	8,481,307	2,073,333	10,554,640
2027-2031	5,052,370	481,043	5,533,413
	$ 30,991,865	$ 11,315,284	$ 42,307,149
Business-type activities:			
2012	$ 1,476,636	$ 486,021	$ 1,962,657
2013	1,795,696	514,520	2,310,216
2014	1,448,771	502,723	1,951,494
2015	1,394,047	474,571	1,868,618
2016	1,423,389	446,338	1,869,727
2017-2021	7,363,990	1,755,600	9,119,590
2022-2026	6,181,297	987,420	7,168,717
2027-2031	3,653,250	335,765	3,989,015
2032-2032	469,000	8,876	477,876
	$ 25,206,076	$ 5,511,834	$ 30,717,910
Component unit:			
2012	$ 1,940,000	$ 1,143,335	$ 3,083,335
2013	1,990,000	1,078,615	3,068,615
2014	2,040,000	1,013,610	3,053,610
2015	2,095,000	942,054	3,037,054
2016	2,165,000	865,548	3,030,548
2017-2021	8,570,000	3,178,731	11,748,731
2022-2026	7,240,000	1,582,952	8,822,952
2027-2028	2,425,000	154,617	2,579,617
	$ 28,465,000	$ 9,959,462	$ 38,424,462

10. Postemployment benefits:

Plan description:

The Town of Bristol established the Postretirement Benefits (OPEB) Plan (the Plan) and Trust (the Trust) on December 31, 2006. The Plan, a single-employer defined benefit plan, provides postretirement 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, 2011 and its activity for the year then ended are included in the statements of fiduciary net assets and changes in fiduciary net assets.

Benefits and employee contributions:

The Trust paid 100% of the amount incurred by eligible retirees for medical and dental costs, which totaled $616,090 for the year ended June 30, 2011. 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 $119,910 for the year ended June 30, 2011. 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.

The Trust's investments consist of mutual funds.

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

Covered participants:

As of July 1, 2010, the date of the latest available actuarial valuation, membership census is as follows:

Active employees	128
Retirees	72
Spouses of retirees	40
Total	240

10. Postemployment benefits (continued):

Annual OPEB cost and net OPEB obligation:

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Town. The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a closed period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost, the amount actually contributed to the plan for the year ended June 30, 2011, and the Town's net OPEB asset as of June 30, 2011.

Annual OPEB Cost	
Annual Required Contribution	$ 897,000
Interest on net OPEB asset	(27,650)
Adjustment to annual required contribution	21,838
Annual OPEB cost	891,188
Contributions made during the year	884,425
Decrease in net OPEB asset	(6,763)
Net OPEB asset at beginning of year	368,668
Net OPEB asset at end of year	$ 361,905

The Town's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan for past three years, and the net OPEB asset as of June 30, 2009, 2010 and 2011 are as follows:

Year ended June 30,	OPEB cost	Percentage of Annual OPEB cost contributed	Net OPEB Asset
2009	$ 838,027	106.1%	$ 377,778
2010	883,554	98.97%	368,668
2011	891,188	99.24%	361,905

10. Postemployment benefits (continued):

Funded status and funding progress:

As of July 1, 2010, the funded status and funding progress were as follows:

Funded ratio	16.79%
Actuarial accrued liability for benefits	$ 13,779,000
Actuarial value of assets	$ 2,313,000
Unfunded actuarial accrued liability (UAAL)	$ 11,466,000
Covered payroll	$ 5,041,881
UAAL to covered payroll	227.42%

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

Actuarial methods and assumptions:

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

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

- Measurement date – July 1, 2010

- Funding method – Projected Unit Credit Cost Method

10. Postemployment benefits (continued):

Actuarial methods and assumptions (continued):

- Investment rate of return – 7.50%
- Discount rate – 7.50%, reflecting an established OPEB trust
- Participation – All eligible retirees are assumed to elect medical and dental coverage
- Health Care Cost Trend Rates – Medical 6.10% per year, decreasing to an ultimate rate of 4.40% per year over 47 years

Component Unit:

As of December 31, 1994, the District pays a percentage of the costs of health insurance benefits for all eligible retirees until age 65 or until Medicare-eligible. Employees are required to contribute a co-pay amount. For certain eligible employees with retirement prior to December 31, 1994, the District is required to pay 100% of the cost of health, dental and life insurance benefits for life. These benefits are provided under various employee contracts with the District. The District funds these benefits on a pay-as-you-go basis. During the year ended June 30, 2011, 284 retirees received benefits under this plan.

The following table shows the components of the District's annual OPEB cost, the amount contributed to the plan for the year ended June 30, 2011 and the District's net OPEB obligation to the plan as of June 30, 2011.

Annual OPEB Cost	
Normal cost	$ 2,914,164
Amortization of UAAL	(220,246)
Interest	137,238
Annual required contribution	2,831,156
Contributions made during the year	(2,057,719)
Increase in net OPEB obligation	773,437
Net OPEB obligation at beginning of year, as restated	3,518,188
Net OPEB obligation at end of year	$ 4,291,625

10. Postemployment benefits (continued):

Component Unit (continued):

District contributions to the plan for the year ended June 30, 2011 represented 72.7% of annual OPEB cost.

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

11. Pension plans:

All eligible employees of the Town are covered by one of two pension plans: the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), or the Town of Bristol, Rhode Island Police Retirement Plan (Police Plan). The Police Plan covers full-time employees of the Police Department hired prior to March 22, 1998. The Municipal Plan covers all other eligible employees. Total covered payroll under all plans during 2011 was $6,628,428. Total Town payroll was $8,931,260 for the same period.

Municipal Plan

Plan description:

The Municipal Plan is an agent multiple-employer public employee retirement system administered by the State the Rhode Island. Financial statements for the Municipal Plan are issued separately and may be obtained from the Employees' Retirement System, 40 Fountain Street, Providence, RI 02903. For the year ended June 30, 2011, covered payroll under the Municipal Plan totaled $6,161,070 (including $1,805,646 for police).

Participants' rights to pension benefits become fully vested after 10 years of service. They are also eligible to retire after 10 years of service if they have attained age 58 (age 55 for police and fire) or after 30 years of service (20 years for police and fire), regardless of age. Benefits are equal to 2% of final average salary for each year of service, with a maximum benefit of 75% of final average salary. Joint and survivor options are available, as well as an option that provides for the payment of a larger benefit before the attainment of age sixty-two. Final average salary is computed using the highest three consecutive years of base earnings, exclusive of overtime. Retiree benefits are adjusted annually by 3% (not compounded) to allow for cost-of-living increases under an optional benefit provision adopted by the Town.

11. Pension plans (continued):

Municipal Plan (continued):

Plan description (continued):

The Municipal Plan also provides nonservice-connected disability benefits after five years of service; service-connected disability benefits with no minimum service requirement; vested benefits after 10 years of service, survivor's benefits for service-connected death; and certain lump-sum benefits.

As of June 30, 2011, 129 active employees (including 31 police and 1 firefighter) were participants in the Municipal Plan.

Funding policy:

Rhode Island General Law sets contribution rates of participating employees at 6% of salary (8% for police). An additional 1% of salary is assessed to employees under the optional cost-of-living provision. Annual required contributions are actuarially determined for each separate employer and are assessed to each as a percentage of their participating employees' payroll. The annual required contribution covers normal costs and, where applicable, a payment to amortize the unfunded actuarial accrued liability as of June 30, 1999 over a closed period of 30 years. Normal cost is determined using the entry age normal method. The State makes no contributions to the Municipal Plan on behalf of the Town nor does it assume any liability for funding pension benefits for the Town's participants.

Annual pension costs:

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

	2011	2010	2009
Annual pension cost	$ 1,175,612	$ 1,201,705	$ 1,266,450
Actual contributions:			
Municipal:			
Employee	301,480	300,835	309,878
Employer	530,605	554,828	624,625
Police:			
Employee	162,508	153,823	140,878
Employer	177,134	188,518	187,368

11. Pension plans (continued):

Municipal Plan (continued):

Annual pension costs (continued):

	2011	2010	2009
Fire:			
Employee	$ 3,885	$ 3,701	$ 3,701
Employer	- 0 -	- 0 -	- 0 -
Percentage of annual pension costs contributed	100.0%	100.0%	100.0%

Funded status and funding progress:

As of June 30, 2010, the date of the most recent actuarial valuation available, the funded status and funding progress were as follows:

	General Employee Unit	Police Unit	Fire Unit
Funded ratio	62.5%	107.7%	118.7%
Actuarial accrued liability for benefits	$ 23,833,718	$ 3,105,580	$ 210,616
Actuarial value of assets	$ 14,907,776	$ 3,344,266	$ 250,062
Unfunded actuarial accrued liability (UAAL)	$ 8,925,942	$ (238,686)	$ (39,446)
Covered payroll	$ 4,373,395	$ 1,633,243	$ 46,256
UAAL to covered payroll	204.1%	(14.6%)	(85.3%)

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

Actuarial methods and significant assumptions:

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

11. Pension plans (continued):

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

Significant actuarial assumptions used in the June 30, 2010 valuation are summarized as follows:

Asset appreciation:	7.50% annually
Salary increases:	4.00% annually
Cost-of-living adjustments:	2.75%, not compounded

Retirement probability:
100% at age 75 or upon eligibility (100% at age 65 or upon eligibility – police)

Mortality:
Healthy members – 115% (for Male Employees) and 95% (for Female Employees) of the RP-2000 Combined Healthy with White Collare adjustments, projected with Scale AA.
Disabled members – 65% of the PBGC Table Va (Via for females)

Disability:
Probabilities per 1,000 ranging from .08% at age 25 to 9.87% at age 60 (.43% at age 25 to 18.15% at age 50 for police and fire)

Police Plan:

Plan description:

The Town contributes to the Police Plan, a single-employer public employee retirement plan. The assets of the Police Plan are held in a Trust which is reported as a fiduciary fund in the Town's annual financial statements. The Police Plan was established by the Town in accordance with the Town Charter. The Town's payroll for employees covered by the Police Plan for the year ended June 30, 2011 was $467,358.

As of July 1, 2010, the date of the most recent actuarial valuation available, employee membership data related to the Police Plan is as follows:

Active participants	7
Retirees and beneficiaries	44
Total	51

11. Pension plans (continued):

Police Plan (continued):

Benefit provisions:

All full-time employees of the Police Department hired prior to March 22, 1998 are eligible to participate in the Police Plan. The Police Plan provides retirement benefits as well as death and disability benefits. Participants in the Police Plan are eligible for retirement at the completion of 20 or more years of service. The normal retirement benefit is 60% of average monthly salary for the two consecutive years which results in the highest salary, and 1% of average monthly salary for each completed year of service in excess of 20 years to the maximum of 10 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 10 years of service or immediately if the disability results from performance of duties. The benefit is 72% 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 5 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 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 spouse is more than three years younger than participant, then survivor's benefit is reduced to the actuarial equivalent of a survivor's benefit where spouse is precisely three years younger. A maximum of three children are 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 10 years of service. The benefit is the greater of the participant's accumulations or two weeks pay for each year of service.

11. Pension plans (continued):

Police Plan (continued):

Benefit provisions (continued):

Participants are eligible for vested severance benefits after 10 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:

Active participants in the Police Plan are required to contribute 13% of compensation, with adjustments based on funding requirements. The Town contributed 167.9% of covered payroll for the year ended June 30, 2011 based on funding requirements. Administrative costs are included in the actuarial valuation as part of the normal cost and are financed through contributions.

Actuarial method and significant assumptions:

The Town's contribution to the Police Plan was determined as part of the July 1, 2009 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 20-year open period. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2009 was 20 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) 8% interest compounded annually and (b) projected salary increases of 3% compounded annually. 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, 2010.

11. Pension plans (continued):

Police Plan (continued):

Annual pension costs and net benefit obligation:

The actuarially determined employer contribution requirement of $784,676 was determined as described above and was based on an actuarial valuation as of July 1, 2009. The contribution consists of normal cost plus past service costs and one year of interest at 8.0%. Total contributions to the Police Pension Plan in fiscal 2011 amounted to $845,433, of which $784,676 and $60,757 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 168% and 13%, respectively, of covered payroll for the year.

A summary of annual pension costs, contributions and net pension obligation (asset) for the preceding three years is as follows:

	2011	2010	2009
Normal cost	$ 79,715	$ 88,591	$ 127,328
Amortization of UAAL	646,836	624,375	465,468
Interest	58,125	57,037	47,424
Adjustment to Annual Required Contribution	924		
Annual pension cost	785,600	770,003	640,220
Actual contributions	(784,676)	(865,433)	(640,220)
Increase (decrease) in net pension obligation	924	(95,430)	- 0 -
Net pension obligation (asset), beginning of year	(77,004)	18,426	18,426
Net pension obligation (asset), end of year	$ (76,080)	$ (77,004)	$ 18,426
% of annual pension costs contributed	99.88%	112%	100%

Funded status and funding progress:

As of July 1, 2010, the Police Plan was 58.02% funded. The actuarial accrued liability for benefits was $20,937,357 and the actuarial value of assets was $12,148,307, resulting in an unfunded actuarial accrued liability (UAAL) of $8,789,050. The covered payroll (annual payroll of active participants) was $453,506 and the ratio of the UAAL to the covered payroll was 1,938.02%.

11. Pension plans (continued):

Police Plan (continued):

Funded status and funding progress (continued):

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

12. 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.) 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. 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, 2011.

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.

13. Commitments and contingencies:

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

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

The Town is committed under construction contracts at June 30, 2011 as follows:

Project	Contract	Spent to date	Remaining commitment
Wastewater Treatment Plant Upgrades	$ 3,354,455	$ 2,415,848	$ 938,607
Town Beach Drainage Project	861,895	840,348	21,547
Animal Shelter Construction Project	31,500	7,500	24,000
Fire Rescue Station Construction	5,680,725	5,650,725	30,000
	$ 9,928,575	$ 8,914,421	$ 1,014,154

14. Joint venture:

During the fiscal year ended June 30, 2010, the Town of Bristol joined eight other Rhode Island cities and towns to form the East Bay Energy Consortium (EBEC), an unincorporated association of municipalities.

The purpose of the EBEC is to determine the feasibility of a wind turbine system for the benefit of the East Bay Communities and to establish a forum to collaborate on energy-saving projects and renewable energy production.

14. Joint venture (continued):

Members of the EBEC agreed to make a one-time contribution of $2,000, either by cash or in-kind services. Each community holds a vote and sits on the EBEC Board. In the event of dissolution, all liabilities and obligations will be paid out first, any assets held that must be transferred or conveyed shall be transferred and any remaining assets held will be distributed in accordance with a plan of distribution adopted by the majority the EBEC Board.

For the year ended June 30, 2011, unaudited results indicate that the EBEC generated $382,933 in revenues and excess of revenues over expenses of $284,498. The Group had $297,748 in total assets and $297,748 in total equity as of June 30, 2011.

Financial information for EPEC is available at the Town of Bristol, 10 Court Street, Bristol, RI.

15. Prior period adjustments:

The District's net assets at June 30, 2010 have been restated to correct errors in deferred revenue and the net OPEB obligation. The effects of these adjustments on the changes in net assets for the year ended June 30, 2010 have not been determined. The details of the prior period adjustments and impact on net assets are as follows:

Statement of net assets – governmental activities:	
Net assets at June 30, 2011, as originally stated	$ 10,040,739
Understatement of net OPEB obligation	(582,254)
Overstatement of deferred revenues	279,260
Net assets at June 30, 2011, as restated	$ 9,737,745

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2011

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	$ 32,088,704	$ -	$ 32,088,704	$ 33,957,374	$ 1,868,670
Intergovernmental	1,924,791		1,924,791	1,591,065	(333,726)
Licenses, permits and fees	1,947,138		1,947,138	1,888,154	(58,984)
Investment earnings	325,000		325,000	415,125	90,125
Other revenues	676,663		676,663	586,830	(89,833)
Total revenues	36,962,296	-	36,962,296	38,438,548	1,476,252
Expenditures:					
Current:					
General government	1,417,633	500	1,418,133	1,535,055	(116,922)
Public safety	4,751,402		4,751,402	4,608,466	142,936
Public works	4,331,226	41,678	4,372,904	4,395,457	(22,553)
Community services	1,242,860	(6,685)	1,236,175	1,287,373	(51,198)
Education	19,895,787		19,895,787	19,895,787	-
Payroll taxes and benefits	4,950,750		4,950,750	4,810,179	140,571
Debt service:					
Principal	1,587,500		1,587,500	1,685,333	(97,833)
Interest	441,138		441,138	498,883	(57,745)
Bond issuance costs	25,000		25,000	52,591	(27,591)
Fees and charges				10,743	(10,743)
Capital outlay	300,000	50,160	350,160	558,175	(208,015)
Total expenditures	38,943,296	85,653	39,028,949	39,338,042	(309,093)
Excess of expenditures over revenues, budgetary basis	(1,981,000)	(85,653)	(2,066,653)	(899,494)	1,167,159
Other financing sources (uses):					
Reappropriated fund balances:					
Capital project and operating carryforward		85,653	85,653	85,653	-
Unrestricted	1,880,000		1,880,000	279,082	(1,600,918)
Bonds issued				2,212,500	2,212,500
Bond premium				103,360	103,360
Proceeds on sale of capital assets				307,889	307,889
Transfers from other funds	129,000		129,000	743,623	614,623
Transfers to other funds	(28,000)		(28,000)	(2,832,613)	(2,804,613)
Total other financing sources (uses)	1,981,000	85,653	2,066,653	899,494	(1,167,159)
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	$ -	$ -	$ -	-	$ -
Adjustments of budgetary basis to U S GAAP basis				(364,735)	
Excess of expenditures and other financing uses over revenues and other financing sources, U.S. GAAP basis				(364,735)	
Net assets, beginning of year				14,584,458	
Net assets, end of year				$ 14,219,723	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON

YEAR ENDED JUNE 30, 2011

Budget preparation and budgetary basis of accounting:

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

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

Reappropriated fund equity:	
Restricted	$ 85,653
Unrestricted	279,082
Total adjustments	$ 364,735

Reappropriated fund equity excludes carry-forward amounts for capital expenditures that, effective July 1, 2011, are being recorded in the Capital Projects Fund.

Budget compliance:

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

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

Boards and Commissions	$ 1,665
Town Council	14,963
Civic Services	194,731
Town Engineer	2,604
Fire Department	40,352
Harbor Patrol	1,473
Municipal Observances	607
Recreation	38,922
Rogers Free Library	20,496
Town Hall Complex	32,343
Town Solicitor	30,196
Other	51,532

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
			Municipal Employees Retirement System, General Employees			
June 30, 2008	14,897,937	19,515,448	4,617,511	76.34%	4,135,097	111.67%
June 30, 2009	15,039,954	20,791,168	5,751,214	72.34%	4,406,314	130.52%
June 30, 2010	14,907,776	23,833,718	8,925,942	62.55%	4,373,395	204.10%
			Municipal Employees Retirement System, Fire			
June 30, 2008	272,839	166,910	(105,929)	163.46%	44,477	-238.17%
June 30, 2009	264,526	176,977	(87,549)	149.47%	46,256	-189.27%
June 30, 2010	250,062	210,616	(39,446)	118.73%	46,256	-85.28%
			Municipal Employees Retirement System, Police			
June 30, 2008	2,429,990	2,017,048	(412,942)	120.47%	1,377,308	-29.98%
June 30, 2009	2,840,215	2,410,103	(430,112)	117.85%	1,572,138	-27.36%
June 30, 2010	3,344,266	3,105,580	(238,686)	107.69%	1,633,243	-14.61%
			Police Plan			
July 1, 2005	11,716,695	16,656,846	4,940,151	70.34%	902,186	547.58%
July 1, 2006	11,575,785	17,184,668	5,608,883	67.36%	918,225	610.84%
July 1, 2007	12,316,696	18,091,700	5,775,004	68.08%	818,845	705.26%
July 1, 2008	13,130,907	20,456,564	7,325,657	64.19%	485,611	1508.54%
July 1, 2009	12,424,250	20,981,926	8,557,676	59.21%	432,376	1979.22%
July 1, 2010	12,148,307	20,937,957	8,789,650	58.02%	453,506	1938.16%
			OPEB Plan			
July 1, 2006	N/A	$ 19,200,419	$ (19,200,419)	N/A	N/A	N/A
July 1, 2008	$ 1,675,000	12,862,000	11,187,000	13.02%	N/A	N/A
July 1, 2010	2,313,000	13,779,000	11,466,000	16.79%	5,041,881	227.42%

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30, 2011

Police Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2011	$ 784,676	100.0%
2010	770,003	112.0%
2009	640,220	100.0%
2008	619,698	127.0%
2007	540,846	117.3%
2006	438,356	52.6%

OPEB Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2010	$ 890,000	98%
2008	2,000,000	116%

The information presented in the required supplementary information was determined as part of the annual actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

POLICE PLAN

Valuation date	July 1, 2010
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	The unfunded accrued liability is being amortized over 20 years beginning with the July 1, 2002 actuarial valuation.
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	8.0% per annum
Projected salary increases	3.0% per annum
Cost-of-living adjustments	3.0% per annum

OPEB PLAN

Valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit Cost Method
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return and discount rate	7.5% per annum
Projected salary increases	4.0% per annum
Participation	All eligible retirees are assumed to elect medical and dental coverage
Health Care Cost Trend Rates	Medical 6.80% per year per year decreasing to an ultimate rate of 4.0% per year over 49 years

TOWN OF BRISTOL, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT

YEAR ENDED JUNE 30, 2011

Real estate and personal property taxes receivable:

Year	Balance, July 1, 2010	Current year assessment	Adjustments/ abatements	Amount to be collected	Collections	Balance, June 30, 2011
2011		$ 34,320,310	$ (49,851)	$ 34,270,459	$ 32,866,431	$ 1,404,028
2010	$ 1,191,029		53,211	1,244,240	1,103,857	140,383
2009	127,470		824	128,294	83,541	44,753
2008	53,367		-	53,367	11,963	41,404
2007	38,846		-	38,846	5,520	33,326
2006	29,380		181	29,561	4,996	24,565
2005	32,669		296	32,965	5,211	27,754
2004	35,348		-	35,348	2,684	32,664
2003	32,566			32,566	2,438	30,128
2002	78,464		180	78,644	10,633	68,011
	$ 1,619,139	$ 34,320,310	$ 4,841	$ 35,944,290	$ 34,097,274	1,847,016
					Less allowance for doubtful accounts	378,132
						$ 1,468,884

TOWN OF BRISTOL, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)

YEAR ENDED JUNE 30, 2011

Schedule of most recent net assessed property value by category:

Description of property	Valuations	Levy
Real property	$3,148,100,937	32,645,807
Motor vehicles	170,033,785	2,950,086
Tangible personal	42,531,254	441,049
Total	3,360,665,976	36,036,942
Exemptions	96,090,054	1,716,632
Current year assessment	$3,264,575,922	$ 34,320,310

Reconciliation of current year property tax revenue:

Current year collections	$ 34,097,274
Revenue collected within 60 days subsequent to year ended June 30, 2011	455,700
	34,552,974
Prior year revenue received in current year	(505,189)
Current year real estate and personal property tax revenue	$ 34,047,785