TOWN OF BRISTOL, RHODE ISLAND

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

LGCD

A Limited Liability Partnership
10 Weybosset Street, Suite 700, Providence, RI 02903 • (p) 401.421.4800 • 1.800.927.LGCD • (f) 401.421.0643 • www.lgcd.com

TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2012

CONTENTS

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	11
Statement of activities	12
Fund financial statements:	
Balance sheet – governmental funds	13
Reconciliation of governmental funds balance sheet to statement of net assets	14
Statement of revenues, expenditures and changes in fund balances – governmental funds	15
Reconciliation of governmental funds statement of revenues, expenditures and changes in fund balances to statement of activities	16
Statement of net assets – proprietary fund	17
Statement of revenues, expenses and changes in net assets – proprietary fund	18
Statement of cash flows – proprietary fund	19-20
Statement of fiduciary net assets – fiduciary funds	21
Statement of changes in net assets – fiduciary funds	22
Notes to basic financial statements	23-60

TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2012

CONTENTS (CONTINUED)

	Page
Required supplementary information to financial statements:	
Budgetary comparison schedule – general fund	61-62
Schedules of funding progress	63
Schedule of employer contributions	64
Notes to required supplementary information	65
Other supplementary information, tax collector's annual report	66-67

LGCD
CPAs/Business Advisors

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, 2012, 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 29 percent, 17 percent, and 56 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 of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2012, 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 of America.

Members of the Town Council
Town of Bristol, Rhode Island

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 3 through 10, and budgetary comparison schedule and historical pension and other postemployment benefit information on pages 61 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 66 and 67 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

LJC & D LLP

December 28, 2012

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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, 2012.

Financial Highlights

- The assets of the Town exceeded its liabilities as of June 30, 2012 by $65,458,373*(net assets)*. Of this amount, $ 11,049,564 *(unrestricted net assets)* may be used to meet the Town's ongoing obligations to citizens and creditors.

- As of June 30, 2012, the Town's governmental funds reported combined ending fund balances of $22,327,784, a decrease of $1,093,660 in comparison with the prior year, principally the result of the budgeted use of $1,700,000 of fund balance reserves.

- As of June 30, 2012, the unassigned fund balance for the General Fund was $7,536,446, or approximately 18% 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, which 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 required and other supplementary information in addition to the basic financial statements themselves.

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

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. Therefore, 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 49 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 Retirement 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 retirement plans 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 $65,458,373 at June 30, 2012.

Town of Bristol's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 26,295,841	$ 27,158,635	$ 3,225,425	$ 3,307,689	$ 29,521,266	$ 30,466,324
Capital assets	52,193,036	50,047,216	40,835,292	39,159,795	93,028,328	89,207,011
Total assets	78,488,877	77,205,851	44,060,717	42,467,484	122,549,594	119,673,335
Long-term liabilities	34,254,684	33,689,482	20,314,754	19,061,161	54,569,438	52,750,643
Other liabilities	1,765,770	2,168,779	756,013	458,377	2,521,783	2,627,156
Total liabilities	36,020,454	35,858,261	21,070,767	19,519,538	57,091,221	55,377,799
Net assets:						
Invested in capital assets	22,549,299	20,907,480	21,197,302	20,751,151	43,746,601	41,658,631
Restricted	10,662,208	9,334,388			10,662,208	9,334,388
Unrestricted	9,256,916	11,105,722	1,792,648	2,196,795	11,049,564	13,302,517
Total net assets	$ 42,468,423	$ 41,347,590	$ 22,989,950	$ 22,947,946	$ 65,458,373	$ 64,295,536

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less outstanding debt equals $22,549,299. 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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 1,857,088	$ 2,169,853	$ 4,871,115	$ 4,836,318	$ 6,728,203	$ 7,006,171
Operating grants and contributions	826,332	568,018			826,332	568,018
Capital grants and contributions	1,290,576	1,368,623			1,290,576	1,368,623
General revenues:						
Property taxes	35,467,586	34,216,629			35,467,586	34,216,629
Grants and contributions not restricted to specific programs	2,136,466	2,219,052	7,949	271,037	2,144,415	2,490,089
Investment earnings	425,293	1,233,818	37,843	45,382	463,136	1,279,200
Miscellaneous	600,557	518,939			600,557	518,939
Total revenues	42,603,898	42,294,932	4,916,907	5,152,737	47,520,805	47,447,669
Expenses:						
General government	2,500,727	2,696,936			2,500,727	2,696,936
Public safety	8,215,738	8,061,247			8,215,738	8,061,247
Public works	6,523,902	6,182,687			6,523,902	6,182,687
Community services	2,287,826	2,588,006			2,287,826	2,588,006
Education	20,903,994	19,895,787			20,903,994	19,895,787
Interest on long-term debt	1,125,878	1,054,774			1,125,878	1,054,774
Sewer			4,799,903	4,520,894	4,799,903	4,520,894
Total expenses	41,558,065	40,479,437	4,799,903	4,520,894	46,357,968	45,000,331
Increase in net assets before transfers	1,045,833	1,815,495	117,004	631,843	1,162,837	2,447,338
Transfers	75,000	75,000	(75,000)	(75,000)	-	-
Increase in net assets	1,120,833	1,890,495	42,004	556,843	1,162,837	2,447,338
Net assets, beginning of year	41,347,590	39,457,095	22,947,946	22,391,103	64,295,536	60,046,141
Net assets, end of year	$ 42,468,423	$ 41,347,590	$ 22,989,950	$ 22,947,946	$ 65,458,373	$ 64,295,536

Governmental Activities

Governmental activities increased the Town's net assets by $1,120,833, accounting for 96% 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 $42,004, 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, 2012, the Town's governmental funds reported combined ending fund balances of $22,327,784. Approximately 15%, or $3,311,083, constitutes committed and assigned fund balances, which Town Council has designated for specific purposes. Approximately 33%, or $7,391,364, constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately 37%, or $8,267,330, is restricted by outside parties to be used for specific purposes. The remaining 15%, or $3,358,007, 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, 2012, the total fund balance of the General Fund was $12,729,604, of which $7,536,446 was unassigned, representing approximately 18% of total General Fund expenditures. Of the total fund balance, $1,775,280 was assigned to meet fiscal year 2013 General Fund expenditures.

The fund balance of the General Fund decreased by $1,490,119 in fiscal year 2012. The fiscal year 2012 annual budget for the Town's General Fund identified the appropriation of $1,700,000 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenditures for the year were $786,563 less than budgeted, primarily a result of health care savings and reduced costs in public safety. Actual revenues exceeded budgeted revenues by $76,732, principally due to property tax collections. Expenditures for education totaled $20,903,994, accounting for roughly 51% 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 $1,792,648.

General Fund Budgetary Highlights

Differences between the actual results and the final amended budget were due to a range of factors. A large portion was attributed to higher than expected property tax collections. Other factors affecting the final operating results were savings realized in the categories of health care and public safety along with lower than anticipated fees collected in the Harbor, Public Works, and Clerk's Departments.

Town of Bristol's Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to $93,028,328, 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 were made during the year, including wastewater treatment plant upgrades, sewer repair, street paving and sidewalk repair programs, various drainage projects, and dock renovations.

At June 30, 2012, the Town is committed under construction contracts as follows:

Project	Contract	Spent to date	Remaining commitment
Wastewater Treatment Plant Upgrades	$ 5,160,102	$ 3,879,824	$ 1,280,278
Town Beach Drainage Project	183,500	164,300	19,200
Animal Shelter Construction Project	114,500	83,150	31,350
Cleaning & CCTV Inspection of Sewer Lines	128,051	101,376	26,675
Tanyard Brook Drainage Project	3,577,147	163,281	3,413,866
Pavement Management Project	19,500	13,650	5,850
	$ 9,182,800	$ 4,405,581	$ 4,777,219

Long-term debt. At June 30, 2012, the Town has total bonded debt, loans, and capital leases outstanding of $51,367,838, of which $29,820,000 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 $86,913,621, which significantly exceeds the Town's current outstanding general obligation debt. During 2012, the Town issued $2,000,000 in general obligation bonds for the construction of a new municipal animal shelter.

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

Economic Factors and Next Year's Budgets and Rates

- The current 2012 average unemployment rate for Bristol County, which includes the Town, is 9.2%. This compares with an unemployment rate of 10.5% for the State of Rhode Island and a national unemployment rate of 7.9%.

- At June 30, 2012, $1,775,280 of the General Fund fund balance was assigned to meet fiscal year 2013 General Fund expenditures.

- The Town's tax rate on assessed values remained at the fiscal year 2011 levels for the 2012 fiscal year.

- The Town's appropriation to fund its contribution to the regional school district increased by $318,341, or 1.5%, to $21,222,335 for fiscal year 2013.

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, 2012

	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	$ 17,267,263	$ 554,091	$ 17,821,354	$ 12,122,723	$ 130,585
Investments	4,016,816		4,016,816	9,787	
Accounts receivable, less allowance for doubtful accounts of $422,111:					
Property taxes	1,790,310		1,790,310		
Federal and state government	1,262,950		1,262,950	217,271	
Assessments and user fees		300,289	300,289		
Other	482,879		482,879		
Internal balances	(1,723,251)	1,712,001	(11,250)		
Inventory	15,118		15,118		
Property held for sale	250,000		250,000		
Pension and OPEB asset, net	577,591		577,591		
Noncurrent assessments and user fees		356,538	356,538		
Note receivable, component unit	1,840,000		1,840,000		
Loans and notes receivable	236,033		236,033		
Deferred charges, net	280,132	302,506	582,638	296,940	
Capital assets not being depreciated	13,207,236	1,657,145	14,864,381	151,378	
Capital assets being depreciated, net	38,985,800	39,178,147	78,163,947	36,061,953	
Total assets	78,488,877	44,060,717	122,549,594	48,860,052	130,585
LIABILITIES:					
Accounts payable and accrued expenses	1,730,854	756,013	2,486,867	1,288,098	-
Unearned revenue	34,916		34,916		
OPEB obligation, net				4,236,305	
Note payable, primary government:					
Due within one year				75,000	
Due in more than one year				1,765,000	
Long-term obligations:					
Due within one year	2,389,245	1,835,978	4,225,223	2,350,000	
Due in more than one year	31,865,439	18,478,776	50,344,215	25,661,630	
Total liabilities	36,020,454	21,070,767	57,091,221	35,376,033	-
Commitments and contingencies (Notes 11 and 12)					
NET ASSETS:					
Invested in capital assets, net of related debt	22,549,299	21,197,302	43,746,601	5,508,416	
Restricted for:					
Capital projects funded with bond proceeds	4,517,769		4,517,769		
Community development	360,643		360,643		
Other purposes:					
Expendable	4,628,588		4,628,588		
Nonexpendable	1,155,208		1,155,208		
Unrestricted	9,256,916	1,792,648	11,049,564	7,975,603	130,585
Total net assets	$ 42,468,423	$ 22,989,950	$ 65,458,373	$ 13,484,019	$ 130,585

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

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	$ 2,500,727	$ 623,929	$ 146,233	$ 1,207,500	$ (523,065)		$ (523,065)	
Public safety	8,215,738	577,820	80,360	27,493	(7,530,065)		(7,530,065)	
Public works	6,523,902	533,477	15,916	51,983	(5,922,526)		(5,922,526)	
Community services	2,287,826	121,862	583,823	3,600	(1,578,541)		(1,578,541)	
Education	20,903,994				(20,903,994)		(20,903,994)	
Interest on long-term debt	1,125,878				(1,125,878)		(1,125,878)	
Total governmental activities	41,558,065	1,857,088	826,332	1,290,576	(37,584,069)		(37,584,069)	
Business-type activities:								
Sewer	4,799,903	4,871,115				$ 71,212	71,212	
Total primary government	$ 46,357,968	$ 6,728,203	$ 826,332	$ 1,290,576	(37,584,069)	71,212	(37,512,857)	
Component units:								
Bristol Warren Regional School District	$ 58,389,727	$ 1,138,740	$ 59,158,090	$ -				$ 1,907,103
Bristol Fourth of July Committee (unaudited)	383,329	374,065	26,405					17,141
Total component units	$ 58,773,056	$ 1,512,805	$ 59,184,495	$ -				1,924,244
General revenues:								
Property taxes					35,467,586		35,467,586	
Grants and contributions not restricted to specific programs					2,136,466	7,949	2,144,415	
Investment earnings					425,293	37,843	463,136	2,344
Miscellaneous					600,557		600,557	457,776
Transfers					75,000	(75,000)	-	
Total general revenues and transfers					38,704,902	(29,208)	38,675,694	460,120
Change in net assets					1,120,833	42,004	1,162,837	2,384,364
Net assets, beginning of year					41,347,590	22,947,946	64,295,536	11,230,240
Net assets, end of year					$ 42,468,423	$ 22,989,950	$ 65,458,373	$ 13,614,604

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 13,842,432	$ 2,472,990	$ 951,841	$ 17,267,263
Investments	584,034		3,432,782	4,016,816
Receivables:				
Property taxes, less allowance for doubtful accounts of $422,111	1,790,310			1,790,310
Intergovernmental	703,897	331,256	227,797	1,262,950
Other	462,587		20,292	482,879
Due from other funds	859,997	3,789,491	377,308	5,026,796
Inventory	15,118			15,118
Advance to other fund	276,075			276,075
Property held for sale	250,000			250,000
Loans and notes receivable	236,033			236,033
Note receivable, component unit	1,840,000			1,840,000
Total assets	$ 20,860,483	$ 6,593,737	$ 5,010,020	$ 32,464,240
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 944,481	$ 353,365	$ 31,977	$ 1,329,823
Due to other funds	5,887,644	465,116	397,287	6,750,047
Deferred revenue	1,298,754	359,172	122,585	1,780,511
Advance from General Fund			276,075	276,075
Total liabilities	8,130,879	1,177,653	827,924	10,136,456
Fund balances:				
Nonspendable:				
Legally			577,617	577,617
Form	2,780,390			2,780,390
Restricted		4,517,769	3,749,561	8,267,330
Committed	618,996			618,996
Assigned	1,793,772	898,315		2,692,087
Unassigned	7,536,446		(145,082)	7,391,364
Total fund balances	12,729,604	5,416,084	4,182,096	22,327,784
Total liabilities and fund balances	$ 20,860,483	$ 6,593,737	$ 5,010,020	$ 32,464,240

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET ASSETS

JUNE 30, 2012

Total fund balances for governmental funds		$ 22,327,784
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net	$ 52,193,036	
Pension and OPEB asset, net	577,591	
Deferred charges, net	280,132	53,050,759
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.		1,745,595
Liabilities not due and payable in the current period and therefore not reported in the funds:		
Bonds and notes payable	31,195,638	
Capital leases	288,099	
Compensated absences payable	2,770,947	
Accrued interest	401,031	(34,655,715)
Net assets of governmental activities		$ 42,468,423

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, 2012

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 35,182,016			$ 35,182,016
Intergovernmental	1,787,320	$ 1,520,003	$ 420,165	3,727,488
Licenses, permits and fees	1,830,240			1,830,240
Investment earnings	384,275	97	40,921	425,293
Other revenues	659,421	56,846	173,418	889,685
Total revenues	39,843,272	1,576,946	634,504	42,054,722
Expenditures:				
Current:				
General government	1,476,464	3,369	21,471	1,501,304
Public safety	4,732,513	77,743	64,905	4,875,161
Public works	4,235,178	71,128	206,234	4,512,540
Community services	1,268,628	10,000	134,004	1,412,632
Education	20,903,994			20,903,994
Insurance, payroll taxes and benefits	5,318,070			5,318,070
Debt service:				
Principal	1,594,251			1,594,251
Interest	1,128,065			1,128,065
Bond issuance costs	26,000			26,000
Fees and charges	8,445			8,445
Capital outlay	140,593	3,733,905	167,154	4,041,652
Total expenditures	40,832,201	3,896,145	593,768	45,322,114
Excess (deficiency) of revenues over expenditures	(988,929)	(2,319,199)	40,736	(3,267,392)
Other financing sources (uses):				
Bond proceeds	-	2,026,232		2,026,232
Transfers from other funds	227,686	726,251	2,625	956,562
Transfers to other funds	(728,876)		(152,686)	(881,562)
Proceeds from sale of capital assets	-	72,500		72,500
Total other financing sources (uses)	(501,190)	2,824,983	(150,061)	2,173,732
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,490,119)	505,784	(109,325)	(1,093,660)
Fund balances, beginning of year	14,219,723	4,910,300	4,291,421	23,421,444
Fund balances, end of year	$ 12,729,604	$ 5,416,084	$ 4,182,096	$ 22,327,784

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, 2012

Net change in fund balances for governmental funds		$ (1,093,660)
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	$ 4,050,101	
Depreciation expense	(1,904,281)	2,145,820
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	26,000	
Amortization expense	(21,059)	4,941
Revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		476,676
Change in OPEB asset is recorded in the statement of activities, but not in the governmental funds		10,444
Change in pension asset is recorded in the statement of activities, but not in the governmental funds		129,162
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	1,552,429	
Draws on loan proceeds held by the State of Rhode Island	(26,232)	
Issuance of general obligation bonds and loans payable	(2,000,000)	
Capital lease	41,822	
Amortization of premiums, discounts and deferred charges on refunding	(2,020)	(434,001)
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	(131,201)	
Accrued interest	12,652	(118,549)
Change in net assets of governmental activities		$ 1,120,833

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET ASSETS – PROPRIETARY FUND

JUNE 30, 2012

ASSETS:	
Current assets:	
Cash and cash equivalents	$ 554,091
Accounts receivable, assessments and user fees receivable	300,289
Due from other funds	1,712,001
Total current assets	2,566,381
Noncurrent assets:	
Assessments and user fees receivable	356,538
Deferred charges, net of amortization of $474,911	302,506
Capital assets not being depreciated	1,657,145
Capital assets being depreciated, net	39,178,147
Total assets	44,060,717
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued expenses	756,013
Current portion of long-term debt	1,835,978
Total current liabilities	2,591,991
Noncurrent liabilities, long-term debt, net of current portion	18,478,776
Total liabilities	21,070,767
NET ASSETS:	
Invested in capital assets, net of related debt	21,197,302
Unrestricted	1,792,648
Total net assets	$ 22,989,950

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, 2012

Operating revenues:	
User fees	$ 4,710,506
Other revenues	160,609
Total operating revenues	4,871,115
Operating expenses:	
Salaries and benefits	1,700,244
Materials and supplies	291,966
Repairs and maintenance	489,512
Depreciation	1,365,313
Utilities	356,467
Miscellaneous	49,386
Total operating expenses	4,252,888
Operating income	618,227
Nonoperating revenues (expenses):	
Interest revenue	37,843
Interest expense	(505,569)
Amortization of bond issuance costs	(41,446)
Total nonoperating revenues (expenses)	(509,172)
Income before capital contributions and transfers	109,055
Capital contributions, sewer assessments	7,949
Transfers to other funds	(75,000)
Change in net assets	42,004
Net assets, beginning of year	22,947,946
Net assets, end of year	$ 22,989,950

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

YEAR ENDED JUNE 30, 2012

Cash flows from operating activities:	
Cash received from customers	$ 4,665,700
Cash received from other sources	160,609
Cash paid to employees and for benefits	(1,678,435)
Cash paid to suppliers	(1,250,635)
Net cash provided by operating activities	1,897,239
Cash flows from noncapital financing activities:	
Transfers to other funds	(75,000)
Interfund borrowings	289,300
Net cash provided by noncapital financing activities	214,300
Cash flows from capital and related financing activities:	
Capital contributions	35,492
Acquisition and construction of fixed assets	(94,576)
Bonds issued	36,356
Principal paid on bonds and notes	(1,445,954)
Interest paid on bonds and notes	(489,181)
Net cash used in capital and related financing activities	(1,957,863)
Cash provided by investing activities, interest received	37,843
Net increase in cash and cash equivalents	191,519
Cash and cash equivalents, beginning of year	362,572
Cash and cash equivalents, end of year	$ 554,091

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)

YEAR ENDED JUNE 30, 2012

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 618,227
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,365,313
Changes in assets and liabilities:	
Accounts receivable, user fees	(44,806)
Accrued compensated absences	25,993
Accounts payable and accrued expenses	(67,488)
Net cash provided by operating activities	$ 1,897,239
Supplemental disclosures, noncash capital and related financing activities:	
Acquisition and construction of fixed assets paid from loan proceeds held by State of Rhode Island	$ 2,597,498
Loan issuance costs paid from loan proceeds held by State of Rhode Island	$ 39,700
Capital contributions from new sewer construction assessments receivable over twenty years	$ 7,949

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF FIDUCIARY NET ASSETS –
FIDUCIARY FUNDS

JUNE 30, 2012

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS:				
Cash and cash equivalents	$ 961,410		$ 1,307,995	$ 192,765
Investments:				
Mutual funds - bond	6,816,878	$ 667,316	1,286,269	
Mutual funds - other		1,966,033		
U.S. Government securities	1,874,734		460,718	
Common stock	2,649,676		544,666	
Corporate bonds			376,044	
Foreign corporate bonds			51,830	
Government agency asset-backed trusts			37,824	
Cash surrender value of life insurance		731,681		
Receivables:				
Investment income			6,744	
Contributions, employer		11,250		
Contributions, other		51,990		
Other				221,030
Prepaid expenses	112,935			
Total assets	12,415,633	3,428,270	4,072,090	$ 413,795
LIABILITIES:				
Deposits held in custody for others				$ 413,795
Total liabilities				$ 413,795
NET ASSETS:				
Held in trust for pension benefits and other purposes	$ 12,415,633	$ 3,428,270	$ 4,072,090	

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS –
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2012

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
Additions to net assets:			
Contributions:			
Employer	$ 958,333	$ 950,653	
Plan members	47,304	63,447	
Life policies		50,000	
Donors			$ 158,875
	1,005,637	1,064,100	158,875
Investment income, net:			
Interest income	416,283	55,618	44,351
Net appreciation (depreciation) in fair value of investments	(92,061)	98,830	(1,437)
	324,222	154,448	42,914
Total additions	1,329,859	1,218,548	201,789
Deductions from net assets:			
Benefits	1,324,326	804,000	
Administrative expense	85,882		
Trust expenses			147,463
Total deductions	1,410,208	804,000	147,463
Change in net assets	(80,349)	414,548	54,326
Net assets, beginning of year	12,495,982	3,013,722	4,017,764
Net assets, end of year	$ 12,415,633	$ 3,428,270	$ 4,072,090

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 comprised of all public schools in the Towns of Bristol and Warren to include all grades and programs then provided and any other grades and programs specified by the regional school committee.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Town applied the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement 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.

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.

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

Special revenue funds:

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

Capital projects funds:

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

Permanent funds:

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

Proprietary funds:

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

Fiduciary funds:

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

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Fiduciary funds (continued):

Police Retirement Trust:

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

Other Postemployment Benefits (OPEB) Trust:

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

Private purpose trusts:

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

Agency:

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

Measurement focus and basis of accounting:

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

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

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

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

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

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.

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 2012, Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 4.25% over that of the preceding fiscal year. The rate will decrease 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.

1. Summary of significant accounting policies (continued):

Use of estimates:

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

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.

1. Summary of significant accounting policies (continued):

Interfund transactions (continued):

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

Inventory:

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

Capital assets:

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

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

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

1. Summary of significant accounting policies (continued):

Capital assets (continued):

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.

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.

1. Summary of significant accounting policies (continued):

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.

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.

1. Summary of significant accounting policies (continued):

Fund equity (continued):

Governmental fund financial statements (continued):

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

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

Unassigned – amounts available for any purpose

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

2. Fund balances:

Individual funds had the following deficit fund balances as of June 30, 2012. In most cases, deficit balances were a result of anticipated revenues not yet received at fiscal year-end and are therefore not recognized under the current financial resources measurement focus of the governmental funds.

Nonmajor governmental funds:

CDBG 2005	$ 7,500
CDBG 2006	6,593
CDBG 2008	19,245
CDBG 2009	40,251
DEM Trails Grant	17,532
Planning Engineer	46,222
Recreation T-Shirts	43
Silver Creek (Recreation)	2,010
Police Grants	5,686
	$ 145,082

3. Cash, cash equivalents and investments:

Cash and cash equivalents (deposits):

At June 30, 2012, the carrying amount of the Town's deposits, excluding component units and including $7,208,900 of cash equivalents, was $20,283,524 and the bank balance was $20,732,941. The carrying amount includes $2,462,170 in fiduciary funds.

At June 30, 2012, deposits are categorized as follows:

	Insured/ collateralized in Town's name	Uninsured	Maturities	Total bank balance	Carrying amount
Deposits:					
Demand deposits	$ 2,799,398	$ 10,597,882		$ 13,397,280	$ 12,947,863
Repurchase agreements	126,761		7/1/2012	126,761	126,761
Money market	502,810	6,706,090		7,208,900	7,208,900
	$ 3,428,969	$ 17,303,972		$ 20,732,941	$ 20,283,524

The uninsured bank balance includes $15,806,376 that was collateralized with securities held by the pledging financial institution, but not in the Town's name and $1,497,596 that was uncollateralized.

At June 30, 2012, the carrying amount of the District's deposits was $12,122,723 and the bank balance was $13,815,078, all of which was insured.

At September 30, 2011, the Committee's fiscal year-end, the carrying amount of the Committee's deposits was $130,585 and the bank balance was $138,306, all of which was insured.

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

Investments:

At June 30, 2012, the Town's investments (including $16,731,988 held in fiduciary funds) are as follows:

Description	Fair value	Interest rate	Maturity	Rating
U.S. Government securities:				
United States Treasury Notes	$ 1,055,150	1.37-7.25%	7/31/13-2/15/22	AA+
United States Treas NT Inflation Index	173,887	2.375-3%	7/15/12-1/15/17	AA+
Federal Home Loan Mortgage Corp.	200,628	.625-5.125%	12/29/14-11/27/17	AA+
Federal National Mortgage Assn	536,837	.75-6.25%	12/11/13-5/15/29	AA+
Gov't Agency asset-backed trusts:				
Federal Home Loan Mortgage Corp Pool	23,100	5-5.5%	7/1/19-9/1/38	AAA
Federal National Mortgage Assn Pool	1,109,933	3.5-6%	3/1/34-6/1/42	AAA
Corporate bonds:				
	66,756	2.8-5.5%	10/19/12-10/1/14	AA+
	43,630	4.950%	8/15/2014	AA-
	85,648	5.3-5.65%	4/24/13-5/15/18	A+
	36,650	5-7.375%	1/15/13-6/15/19	A
	238,967	5.25-8.75%	9/17/12-7/1/19	A-
	228,684	5.5-8.5%	5/4/13-11/30/39	BBB+
	150,247	5-8.125%	8/15/12-2/1/20	BBB
	73,271	5.375-7.5%	5/15/15-2/10/20	BBB-
Foreign government bonds	16,073	5.875%	2/17/2014	BBB
Foreign corporate bonds				
	42,494	4.200%	2/27/2015	AA-
	30,888	4.875%	5/20/2013	A+
	21,432	3.875%	3/10/2015	A
	6,011	5.750%	10/23/2017	A-
	10,437	5.250%	7/22/2013	BBB+
Common stocks	3,987,794	N/A	N/A	N/A
Bond mutual funds	3,770,738	N/A	N/A	N/A
Other mutual funds	8,839,549	N/A	N/A	N/A
	$ 20,748,804			

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

Investments (continued):

Interest rate risk:

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

The majority of the Town's investments are 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 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, 2012, 14% of the Town's investments subject to credit risk were rated AAA, 38% were rated less than AAA, and 48% 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, 2012, 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 33% of the investments were held in stocks and mutual funds, these investments were in a wide range of companies and various industries, enabling the Town to minimize its risk.

Custodial credit risk:

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

4. Interfund transactions:

Interfund receivables and payables at June 30, 2012 are as follows:

Receivable Fund	Payable Fund	Amount
Due to/from:		
Governmental funds:	Governmental funds:	
General Fund	Capital Projects Fund	$ 465,116
	Nonmajor funds	394,881
		859,997
Capital Projects Fund	General Fund	3,789,491
Nonmajor funds	Governmental funds:	
	General Fund	374,902
	Nonmajor funds	2,406
		377,308
Enterprise funds:	Governmental funds:	
Sewer	General Fund	1,712,001
Fiduciary funds:		
OPEB	General Fund	11,250
		$ 6,750,047
Advances to/from:		
Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	$ 276,075

Operating transfers between funds for the year ended June 30, 2012 were as follows:

Transfer to	Transfer from	Amount
Governmental funds:	Governmental funds:	
General Fund	Nonmajor funds	152,686
	Enterprise funds:	
	Sewer	75,000
		227,686
Governmental funds:	Governmental funds:	
Capital Projects Fund	General Fund	726,251
Governmental funds:	Governmental funds:	
Nonmajor funds	General Fund	2,625
		$ 956,562

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. Funds held by the fiduciary fund collateralize the loan.

6. Capital assets:

	Beginning balances	Increases	Decreases	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 10,270,198	$ 2,427,647		$ 12,697,845
Construction in progress	52,298	481,918	$ 24,825	509,391
Total capital assets not being depreciated	10,322,496	2,909,565	24,825	13,207,236
Capital assets being depreciated:				
Buildings and improvements	24,047,405	119,163		24,166,568
Vehicles	6,656,347	215,231	117,500	6,754,078
Machinery and equipment	3,722,212	144,114		3,866,326
Infrastructure	24,221,705	686,853		24,908,558
Total capital assets being depreciated	58,647,669	1,165,361	117,500	59,695,530
Less accumulated depreciation for:				
Buildings and improvements	5,168,328	612,624		5,780,952
Vehicles	4,870,190	368,223	117,500	5,120,913
Machinery and equipment	1,272,492	240,191		1,512,683
Infrastructure	7,611,939	683,243		8,295,182
Total accumulated depreciation	18,922,949	1,904,281	117,500	20,709,730
Total capital assets being depreciated, net	39,724,720	(738,920)	-	38,985,800
Governmental activities capital assets, net	$ 50,047,216	$ 2,170,645	$ 24,825	$ 52,193,036
Business-type activities – Sewer Fund:				
Capital assets not being depreciated:				
Land	$ 810,278		$ -	$ 810,278
Construction in progress	184,515	$ 662,352		846,867
Total capital assets not being depreciated	994,793	662,352	-	1,657,145
Capital assets being depreciated:				
Sewer lines	47,761,989	198,006	-	47,959,995
Building and improvements	3,635,113	1,839,862		5,474,975
Equipment	1,558,432	340,590		1,899,022
Total capital assets being depreciated	52,955,534	2,378,458	-	55,333,992
Less accumulated depreciation for:				
Sewer lines	13,631,565	1,017,542	-	14,649,107
Building and improvements	223,420	252,153		475,573
Equipment	935,547	95,618		1,031,165
Total accumulated depreciation	14,790,532	1,365,313	-	16,155,845
Total capital assets being depreciated, net	38,165,002	1,013,145	-	39,178,147
Business-type activities capital assets, net	$ 39,159,795	$ 1,675,497	$ -	$ 40,835,292

(continued)

6. Capital assets (continued):

Component unit:	Beginning balances	Increases	Decreases	Ending balances
Capital assets not being depreciated, construction in progress	$ 52,339	$ 99,039	$ -	$ 151,378
Capital assets being depreciated:				
Buildings and improvements	63,067,196	85,929	-	63,153,125
Machinery & Equipment	1,239,021	173,939	-	1,412,960
Vehicles	282,205	-	-	282,205
Infrastructure	-	-	-	-
Total capital assets being depreciated	64,588,422	259,868	-	64,848,290
Less accumulated depreciation for:				
Buildings and improvements	25,049,731	2,429,087	-	27,478,818
Machinery & Equipment	1,036,682	96,951	-	1,133,633
Vehicles	154,678	19,208	-	173,886
Infrastructure	-	-	-	-
Total accumulated depreciation	26,241,091	2,545,246	-	28,786,337
Total capital assets being depreciated, net	38,347,331	(2,285,378)	-	36,061,953
Component unit capital assets, net	$ 38,399,670	$ (2,186,339)	$ -	$ 36,213,331

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 127,709
Public safety	720,955
Public works	639,826
Community services	415,791
	$ 1,904,281
Business-type activities:	
Sewer Fund	$ 1,365,313
Component unit:	
Education	$ 2,545,246

7. Accounts payable and accrued expenses:

	Vendors	Other governments	Employees	Accrued interest	Total
Governmental activities:					
General Fund	$ 602,429	$ 128,866	$ 213,186	$ -	$ 944,481
Capital Projects Fund	353,365				353,365
Nonmajor funds	31,977				31,977
Reconciliation of balances in fund financial statements to government-wide financial statements				401,031	401,031
	987,771	128,866	213,186	401,031	1,730,854
Business-type activities:					
Sewer	572,844	533	17,511	165,125	756,013
Total primary government	$ 1,560,615	$ 129,399	$ 230,697	$ 566,156	$ 2,486,867
Component unit:					
Bristol Warren Regional School District	$ 257,752	$ 560	$ 701,322	$ 328,464	$ 1,288,098

8. Long-term obligations:

Changes in long-term obligations during the year ended June 30, 2012 were as follows:

	Balance, June 30, 2011	Additions	Retirements	Balance, June 30, 2012	Due within one year
Governmental activities:					
Bonds and loan payable:					
Bonds and loan	$ 30,661,944	$ 2,000,000	$ 1,552,429	$ 31,109,515	$ 1,879,721
Deferred amounts:					
For issuance premiums	121,665		6,430	115,235	(6,430)
On refunding	(37,562)		(8,450)	(29,112)	8,450
Less undrawn loan proceeds held by the State	(26,232)		(26,232)	-	
Total bonds and loan payable	30,719,815	2,000,000	1,524,177	31,195,638	1,881,741
Capital lease	329,921		41,822	288,099	43,478
Accrued compensated absences	2,639,746	131,201		2,770,947	464,026
Total long-term obligations	$ 33,689,482	$ 2,131,201	$ 1,565,999	$ 34,254,684	$ 2,389,245
Business-type activities:					
Bonds and loans payable:					
Bonds and loans	$ 25,206,076	$ 2,395,000	$ 1,476,636	$ 26,124,440	$ 1,795,696
Deferred amounts on refunding	(60,411)		(30,683)	(29,728)	(30,683)
Less undrawn loan proceeds held by the State	(6,432,769)	(2,395,000)	(2,673,553)	(6,154,216)	
Total bonds and loans payable	18,712,896	-	(1,227,600)	19,940,496	1,765,013
Accrued compensated absences	348,265	25,993	-	374,258	70,965
Total long-term obligations	$ 19,061,161	$ 25,993	$ (1,227,600)	$ 20,314,754	$ 1,835,978
Component unit:					
Bonds payable	$ 28,465,000	$ -	$ 1,940,000	$ 26,525,000	$ 1,990,000
Deferred amounts for issuance premiums	51,360		6,420	44,940	
Due to primary government	1,910,000		70,000	1,840,000	75,000
Accrued compensated absences	1,389,256	281,280	228,846	1,441,690	360,000
Total long-term obligations	$ 31,815,616	$ 281,280	$ 2,245,266	$ 29,851,630	$ 2,425,000

8. Long-term obligations (continued):

General obligation bonds, loans payable, and capital leases outstanding at June 30, 2012 are as follows:

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2011	New issues	Maturities	Balance, June 30, 2012
Governmental activities:								
General obligation bonds payable:								
Refunding bond	$ 2,730,000	6/1/01	4-4.35%	12/15/2012	$ 185,500		$ 91,000	$ 94,500
Refunding bond	1,813,350	8/15/02	3.1-3.85%	10/1/2013	65,100		21,000	44,100
Road, sidewalks and capital improvements	2,500,000	5/1/05	3.5-5%	5/1/2025	1,750,000		125,000	1,625,000
Road and sidewalks	1,000,000	5/1/06	4-5.5%	5/1/2026	750,000		50,000	700,000
Sidewalks, fire/rescue building, open space, drainage	7,125,000	2/15/07	3.75-5%	2/15/2027	5,965,000		370,000	5,595,000
Library, Colt School, burial ground, roads, public safety, open space	12,210,000	2/18/09	2-4.375%	2/15/2029	11,415,000		425,000	10,990,000
Roads, open space, drainage	1,750,000	2/15/10	3-4%	2/15/2030	1,675,000		75,000	1,600,000
Refunding bond	1,700,000	2/15/10	1.7-2.9%	8/15/2019	1,470,000		225,000	1,245,000
Roads, public safety, open space, drainage	5,720,000	2/17/11	3-4.2%	2/15/2031	5,720,000			5,720,000
Animal Shelter	2,000,000	6/6/12	3.41000%	12/15/2027		$ 2,000,000		2,000,000
Loan payable:								
RI Clean Water Protection Finance Agency:								
Landfill	1,200,000	9/1/97	2.71700%	9/1/2017	513,589		66,215	447,374
Water pollution control Series 09A	1,000,000	10/9/09	.36-2.04%	9/1/2029	815,255		36,714	778,541
King property note payable	337,500	11/9/10	4.00%	11/9/2015	337,500		67,500	270,000
Capital lease, rescue truck	329,921	4/20/11	3.89%	4/20/2018	329,921		41,822	288,099
	$ 41,415,771				30,991,865	2,000,000	1,594,251	31,397,614
Less undrawn loan proceeds held by the State, available for sewer projects					(26,232)		(26,232)	-
					$ 30,965,633	$ 2,000,000	$ 1,568,019	$ 31,397,614
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	$ 79,500		$ 39,000	$ 40,500
Refunding bond	6,821,650	8/15/02	2.75-3.85%	10/1/2013	244,900		79,000	165,900
Loans payable:								
RI Clean Water Protection Finance Agency:								
Compost loan #2	4,000,000	3/12/92	3.25420%	9/1/2012	545,032		267,495	277,537
Compost loan #1	780,000	11/2/92	3.25420%	9/1/2012	106,282		52,162	54,120
Water pollution control	3,700,000	8/25/99	2.82800%	9/1/2019	1,996,734		197,927	1,798,807
Water pollution control	4,695,000	4/25/02	1.25450%	9/1/2022	3,139,025		221,069	2,917,956
Water pollution control	1,000,000	12/30/04	.95-1.525%	9/1/2024	734,000		47,000	687,000
Water pollution control	3,655,000	12/15/05	1.15-1.555%	9/1/2025	2,862,000		167,000	2,695,000
Water pollution control	3,700,000	12/21/06	1.205-1.385%	9/1/2027	3,223,000		164,000	3,059,000
Water pollution control	3,245,000	12/12/07	1.175-1.630%	9/1/2028	2,971,000		140,000	2,831,000
Water pollution control	2,600,000	10/9/09	.36-2.04%	9/1/2029	2,264,603		101,983	2,162,620
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
Water pollution control	2,395,000	6/28/12	.21-2.71%	9/1/2032		$ 2,395,000		2,395,000
	$ 44,801,650				25,206,076	2,395,000	1,476,636	26,124,440
Less undrawn loan proceeds held by the State, available for sewer projects					(6,432,769)	(2,395,000)	(2,673,553)	(6,154,216)
					$ 18,773,307	$ -	$ (1,196,917)	$ 19,970,224
Component unit:								
General obligation bonds payable:								
Schools	$ 3,865,000	3/15/04	1.5-3.5%	9/1/2015	$ 1,535,000	$ -	$ 320,000	$ 1,215,000
Schools	1,700,000	6/27/06	4.0-5.0%	5/15/2026	1,395,000		65,000	1,330,000
Schools	8,900,000	5/16/07	4.0-5.0%	6/30/2027	7,675,000		335,000	7,340,000
Schools	12,200,000	5/14/08	2.5-5.0%	4/1/2028	10,985,000		440,000	10,545,000
Schools	8,430,000	3/28/09	2.0-5.0%	7/15/2018	6,875,000		780,000	6,095,000
	$ 35,095,000				$ 28,465,000	$ -	$ 1,940,000	$ 26,525,000

8. Long-term obligations (continued):

General obligation bonds and loans payable:

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

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2011 was $2,897,120,699, limiting the amount of non-exempted general obligation bonds outstanding to $86,913,621. At June 30, 2012, bonds outstanding, excluding component units, totaled $29,820,000

8. Long-term obligations (continued):

At June 30, 2012, 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:			
2013	$ 1,923,199	$ 1,152,387	$ 3,075,586
2014	1,976,309	1,083,892	3,060,201
2015	1,963,907	1,024,604	2,988,511
2016	1,938,971	964,313	2,903,284
2017	1,891,657	903,137	2,794,794
2018-2022	9,028,326	3,560,647	12,588,973
2023-2027	9,137,774	1,815,249	10,953,023
2028-2032	3,537,471	272,844	3,810,315
	$ 31,397,614	$ 10,777,073	$ 42,174,687
Business-type activities:			
2013	$ 1,795,696	$ 523,297	$ 2,318,993
2014	1,549,771	546,147	2,095,918
2015	1,495,047	528,575	2,023,622
2016	1,525,388	499,291	2,024,679
2017	1,557,008	468,156	2,025,164
2018-2022	7,823,983	1,829,197	9,653,180
2023-2027	6,336,271	1,016,277	7,352,548
2028-2032	3,888,275	305,747	4,194,022
2033	153,001	2,456	155,457
	$ 26,124,440	$ 5,719,143	$ 31,843,583
Component unit:			
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	1,945,000	787,469	2,732,469
2018-2022	7,950,000	2,833,163	10,783,163
2023-2027	7,440,000	1,252,923	8,692,923
2028-2029	900,000	42,745	942,745
	$ 26,525,000	$ 8,816,127	$ 35,341,127

9. 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, 2012 and its activity for the year then ended are included in the statements of fiduciary net assets and changes in fiduciary net assets.

At June 30, 2012, the following individual investments represent 5% or more of the Trust's net assets available for benefits:

Washington Mutual Investors Fund-A	$ 362,137
The Bond Fund of America-A	305,194
The Income Fund of America-A	296,766
Short-Term Bond Fund of America-A	203,690
American Mutual Fund-A	199,861
AMCAP Fund-A	193,714
The Investment Company of America-A	189,026

Benefits and employee contributions:

The Trust paid 100% of the amount incurred by eligible retirees for medical and dental costs, which totaled $686,590 for the year ended June 30, 2012. Employees hired after July 1, 1997 are offered $50,000 whole life insurance. The Town, through the Trust, pays 100% of the cost of the insurance policies, which amounted to $127,357 for the year ended June 30, 2012. 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.

9. Postemployment benefits (continued):

Benefits and employee contributions (continued):

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

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, 2012, and the Town's net OPEB asset as of June 30, 2012.

Annual OPEB cost	
Annual required contribution	$ 945,000
Interest on net OPEB asset	(27,143)
Adjustment to annual required contribution	22,352
Annual OPEB cost	940,209
Contributions made during the year	950,653
Increase in net OPEB asset	10,444
Net OPEB asset at beginning of year	361,905
Net OPEB asset at end of year	$ 372,349

9. Postemployment benefits (continued):

Annual OPEB cost and net OPEB obligation (continued):

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan for past three years, and the net OPEB asset as of June 30, 2010, 2011 and 2012 are as follows:

Year ended June 30,	OPEB cost	Percentage of Annual OPEB cost contributed	Net OPEB asset
2010	$ 883,554	98.97%	$ 368,668
2011	891,188	99.24%	361,905
2012	940,209	101.11%	372,349

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.

9. Postemployment benefits (continued):

Actuarial methods and assumptions (continued):

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

- Measurement date – July 1, 2010
- Funding method – Projected Unit Credit Cost Method
- 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, 2012, 259 retirees received benefits under this plan.

9. Postemployment benefits (continued):

Component Unit (continued):

The following table shows the components of the District's annual OPEB cost, the amount contributed to the plan for the year ended June 30, 2012 and the District's net OPEB obligation to the plan as of June 30, 2012.

Annual OPEB Cost	
Normal cost	$ 2,161,123
Amortization of UAAL	(367,133)
Interest	214,581
Annual required contribution	2,008,571
Contributions made during the year	(2,063,891)
Decrease in net OPEB obligation	(55,320)
Net OPEB obligation at beginning of year	4,291,625
Net OPEB obligation at end of year	$ 4,236,305

District contributions to the plan for the year ended June 30, 2012 represented 103% 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.

10. 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 2012 was $6,747,485. Total Town payroll was $8,990,055 for the same period.

10. Pension plans (continued):

At June 30, 2012, the following individual investments represent 5% or more of the Police Retirement Trust Fund's net assets available for benefits:

iShares Core S&P TR S&P 500 ETF	$ 2,751,957
Allianz Global Investors Fixed-Series C	891,171
Allianz Global Investors Fixed- Series M	884,419
Oppenheimer Developing Markets	690,288
iShares Dow Jones US Real Estate	624,389

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 (RIRSA), which substantially changed the Municipal Plan. The changes, which became effective on July 1, 2012, include adding a defined contribution element and future cost-of-living adjustments, among others.

Municipal Plan

Plan description:

The Municipal Plan is an agent multiple-employer public employee retirement system administered by the State. Financial statements for the Municipal Plan are issued separately and may be obtained from the Employees' Retirement System, 40 Fountain Street, Providence, RI 02903. For the year ended June 30, 2012, covered payroll under the Municipal Plan totaled $6,383,613 (including $1,883,761 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 62. 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.

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 ten years of service, survivor's benefits for service-connected death; and certain lump-sum benefits.

As of June 30, 2012, 133 active employees (including 31 police and one firefighter) were participants in the Municipal Plan.

10. Pension plans (continued):

Municipal Plan (continued):

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, 2010 over a closed period of 25 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.

	2012	2011	2010
Annual pension cost	$ 1,323,640	$ 1,175,612	$ 1,201,705
Actual contributions:			
Municipal:			
Employee	311,537	301,480	300,835
Employer	641,765	530,605	554,828
Police:			
Employee	169,539	162,508	153,823
Employer	196,853	177,134	188,518
Fire:			
Employee	3,946	3,885	3,701
Employer	- 0 -	- 0 -	- 0 -
% of annual pension costs contributed	100.0%	100.0%	100.0%

10. Pension plans (continued):

Municipal Plan (continued):

Funded status and funding progress:

As of June 30, 2011, 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	70.9%	86.4%	130.4%
Actuarial accrued liability for benefits	$ 20,892,762	$ 2,922,299	$ 279,083
Actuarial value of assets	$ 14,820,651	$ 3,809,343	$ 241,211
Unfunded actuarial accrued liability (UAAL)	$ 6,072,111	$ (887,044)	$ 37,872
Covered payroll	$ 4,302,693	$ 1,805,645	$ 48,565
UAAL to covered payroll	141.1%	(49.1%)	78.0%

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.

Significant actuarial assumptions used in the June 30, 2011 valuation are summarized as follows:

Asset appreciation:	7.50% annually
Salary increases:	4.00% annually (4.25% police & fire) and a service-related component
Cost-of-living adjustments:	0.00-4.00%, noncompounded
Payroll growth	3.75% annually

10. Pension plans (continued):

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

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

Mortality:
Healthy members – 115% (for Male Employees) and 95% (for Female Employees) of the RP-2000 Combined Healthy with White Collar adjustments, projected with Scale AA
Disabled members – 60% of the PBGC Table Va (VIa for females)

Disability:
Probabilities per 1,000 ranging from .08% at age 25 to 9.87% at age 60 (.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, 2012 was $363,872.

As of July 1, 2011, 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

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 ten additional years. Average monthly salary is base pay plus longevity and holiday pay. The retirement benefit for late retirement is the same as above, except that salary and years of service are recognized to late retirement date (maximum of 30 years).

10. Pension plans (continued):

Police Plan (continued):

Benefit provisions (continued):

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

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

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

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

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

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

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

10. Pension plans (continued):

Police Plan (continued):

Contributions:

Active participants in the Police Plan are required to contribute 13% of compensation, with adjustments based on funding requirements. The Town contributed 152% of covered payroll for the year ended June 30, 2012 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, 2011 actuarial valuation using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a decreasing 20-year period. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2011 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, 2011. Subsequent to June 30, 2012, the Town changed the actuarial assumption for interest compounded annually from 8% to 6.75%. The annual required contribution for FY2013 increased from $899,460, utilizing the current assumptions, to $1,231,858, utilizing the new assumptions.

Annual pension costs and net benefit obligation (asset):

The actuarially determined employer contribution requirement of $828,850 was determined as described above and was based on an actuarial valuation as of July 1, 2011. The contribution consists of normal cost plus past service costs and one year of interest at 8%. Total contributions to the Police Pension Plan in fiscal 2012 amounted to $1,005,637, of which $958,333 and $47,304 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 152% and 13%, respectively, of covered payroll for the year.

10. Pension plans (continued):

Police Plan (continued):

Annual pension costs and net benefit obligation (asset) (continued):

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

	2012	2011	2010
Normal cost, net of employee contributions	$ 82,080	$ 79,715	$ 88,591
Amortization of UAAL	685,374	646,836	624,375
Interest	61,396	58,125	57,037
Adjustment to annual required contribution	321	924	
Annual pension cost	829,171	785,600	770,003
Actual contributions	(958,333)	(784,676)	(865,433)
Change in net pension obligation/asset	(129,162)	924	(95,430)
Net pension obligation (asset), beginning of year	(76,080)	(77,004)	18,426
Net pension asset, end of year	$ (205,242)	$ (76,080)	$ (77,004)
% of annual pension costs contributed	115.62%	99.88%	112%

Funded status and funding progress:

As of July 1, 2011, the Police Plan was 56.93% funded. The actuarial accrued liability for benefits was $21,492,883 and the actuarial value of assets was $12,235,119, resulting in an unfunded actuarial accrued liability (UAAL) of $9,257,764. The covered payroll (annual payroll of active participants) was $472,541 and the ratio of the UAAL to the covered payroll was 1959.15%.

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.

11. Risk management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) 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, 2012.

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.

12. 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.

12. Commitments and contingencies (continued):

The Town is committed under construction contracts at June 30, 2012 as follows:

Project	Contract	Spent to date	Remaining commitment
Wastewater Treatment Plant Upgrades	$ 5,160,102	$ 3,879,824	$ 1,280,278
Town Beach Drainage Project	183,500	164,300	19,200
Animal Shelter Construction Project	114,500	83,150	31,350
Cleaning & CCTV Inspection of Sewer	128,051	101,376	26,675
Tanyard Brook Project	3,577,147	163,281	3,413,866
Pavement Management Plan	19,500	13,650	5,850
	$ 9,182,800	$ 4,405,581	$ 4,777,219

13. Joint venture and subsequent event:

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.

Each member 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, 2012, unaudited results indicate that the EBEC generated $39,567 in revenues and excess of expenses over revenues of $117,840. The EBEC had $179,909 in total assets and $179,909 in total equity as of June 30, 2012. In September 2012, the Town ended its participation in the joint venture, which had no material impact on the Town's financial statements.

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

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2012

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	$ 34,364,054	$ -	$ 34,364,054	$ 35,182,016	$ 817,962
Intergovernmental	1,402,048		1,402,048	1,522,014	119,966
Licenses, permits and fees	2,260,214		2,260,214	1,830,240	(429,974)
Investment earnings	325,000		325,000	315,812	(9,188)
Other revenues	1,081,455		1,081,455	659,421	(422,034)
Total revenues	39,432,771	-	39,432,771	39,509,503	76,732
Expenditures:					
Current:					
General government	1,408,713	6,985	1,415,698	1,476,464	(60,766)
Public safety	4,905,924	4,923	4,910,847	4,732,513	178,334
Public works	4,177,810	44,316	4,222,126	4,235,178	(13,052)
Community services	1,227,650		1,227,650	1,268,628	(40,978)
Education	20,904,248		20,904,248	20,903,994	254
Payroll taxes and benefits	5,453,750		5,453,750	5,318,070	135,680
Debt service:					
Principal	1,449,500		1,449,500	1,594,251	(144,751)
Interest	1,176,176		1,176,176	794,296	381,880
Bond issuance costs	25,000		25,000	26,000	(1,000)
Fees and charges	5,000		5,000	8,445	(3,445)
Capital outlay	500,000	(5,000)	495,000	140,593	354,407
Total expenditures	41,233,771	51,224	41,284,995	40,498,432	786,563
Excess of expenditures over revenues, budgetary basis	(1,801,000)	(51,224)	(1,852,224)	(988,929)	863,295
Other financing sources (uses):					
Reappropriated fund balances:					
Capital project and operating		51,224	51,224	51,224	-
Unrestricted	1,700,000		1,700,000	1,438,895	261,105
Transfers from other funds	129,000		129,000	227,686	(98,686)
Transfers to other funds	(28,000)	(352,206)	(380,206)	(728,876)	348,670
Total other financing sources (uses)	1,801,000	(300,982)	1,500,018	988,929	511,089
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	$ -	$ (352,206)	$ (352,206)	-	$ 352,206
Adjustments of budgetary basis to U.S. GAAP basis				(1,490,119)	
Excess of expenditures and other financing uses over revenues and other financing sources, U.S. GAAP basis				(1,490,119)	
Net assets, beginning of year				14,219,723	
Net assets, end of year				$ 12,729,604	

Budget preparation and budgetary basis of accounting:

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund. The General Fund is subject to an annual operating budget legally adopted by the Town Council. The annual operating budget's appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund operating budget is in conformity with the legally enacted budgetary basis, which is not in conformity with accounting principles generally accepted in the United States 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	$ 51,224
Unrestricted	1,438,895
Total adjustments	$ 1,490,119

Reappropriated fund equity excludes carry-forward amounts for capital expenditures that, effective July 1, 2012, are being recorded in the Capital Projects Fund.

Budget compliance:

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

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

Town Administrator	$ 5,332
Town Clerk	9,353
Senior Center	4,688
Civic Services	146,657
Town Engineer	17,130
Fire Department	33,621
Harbor Patrol	20,854
Municipal Observances	4,840
Recreation	26,618
Rogers Free Library	10,561
Town Hall Complex	24,086
Town Solicitor	30,481
Other	21,165

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2012

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, 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%
June 30, 2011	14,820,651	20,892,762	6,072,111	70.94%	4,302,693	141.12%
Municipal Employees Retirement System, Fire						
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%
June 30, 2011	241,211	279,083	37,872	86.43%	48,565	77.98%
Municipal Employees Retirement System, Police						
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%
June 30, 2011	3,809,343	2,922,299	(887,044)	130.35%	1,805,645	-49.13%
Police Plan						
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%
July 1, 2011	12,235,119	21,492,883	9,257,764	56.93%	472,541	1959.15%
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, 2012

Police Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2012	$ 828,850	115.6%
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%

OPEB Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2011	$ 897,000	98.6%
2009	844,000	105.3%

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

POLICE PLAN

Valuation date	July 1, 2011
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	The unfunded accrued liability is being amortized as a level percent of payroll over a decreasing twenty year period. The amortization period will not be less than ten years
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, 2012

Real estate and personal property taxes receivable:

Year	Balance, July 1, 2011	Current year assessment	Adjustments/ abatements	Amount to be collected	Collections	Balance, June 30, 2012
2012		$ 35,697,781	$ (187,023)	$ 35,510,758	$ 33,857,188	$ 1,653,570
2011	$ 1,404,028		40,733	1,444,761	1,193,846	250,915
2010	140,383		4,132	144,515	116,547	27,968
2009	44,753		(792)	43,961	3,555	40,406
2008	41,404		(655)	40,749	1,322	39,427
2007	33,326		(553)	32,773	283	32,490
2006	24,565		-	24,565	445	24,120
2005	27,754		-	27,754	501	27,253
2004	32,664		-	32,664	2,893	29,771
2003	98,139		(136)	98,003	11,502	86,501
	$ 1,847,016	$ 35,697,781	$ (144,294)	$ 37,400,503	$ 35,188,082	2,212,421
					Less allowance for doubtful accounts	422,111
						$ 1,790,310

TOWN OF BRISTOL, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)

YEAR ENDED JUNE 30, 2012

Schedule of most recent net assessed property value by category:

Description of property	Valuations	Levy
Real property	$ 2,724,301,835	$ 33,863,072
Motor vehicles	176,526,794	3,062,740
Tangible personal	43,390,226	539,341
Total	2,944,218,855	37,465,153
Exemptions	95,655,943	1,767,373
Current year assessment	$ 2,848,562,912	$ 35,697,780

Reconciliation of current year property tax revenue:

Current year collections	$ 35,188,082
Revenue collected within 60 days subsequent to year ended June 30, 2012	491,555
	35,679,637
Prior year revenue received in current year	(455,700)
Current year real estate and personal property tax revenue	$ 35,223,937