

**TOWN OF BRISTOL, RHODE ISLAND**  
**BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**



TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2009

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TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2009

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

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island (the Town) as of and for the year ended June 30, 2009, 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 units, the Bristol Warren Regional School District (School) and the Bristol Fourth of July Committee (Committee). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the School and Committee, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island as of June 30, 2009, 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.

## Independent Auditors' Report (Continued)

Members of the Town Council  
Town of Bristol, Rhode Island

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2010 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary tax collector's annual report on pages 67 and 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our report, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, likely reading "Kaufman, J. J. & Co., Chartered Accountants, C.P.A.", is written in black ink.

January 27, 2010

TOWN OF BRISTOL, RHODE ISLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2009

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, 2009.

**Financial Highlights**

- The assets of the Town exceeded its liabilities as of June 30, 2009 by \$60,046,141 (*net assets*). Of this amount, \$14,563,844 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- As of June 30, 2009, the Town's governmental funds reported combined ending fund balances of \$21,532,953, an increase of \$7,768,270 in comparison with the prior year, principally the result of recognition of bond proceeds of \$12,210,000.
- As of June 30, 2009, the unreserved fund balance for the General Fund was \$13,884,030, or approximately 32% of total General Fund expenditures. However, \$3,351,612 of this unreserved fund balance has been designated to meet 2010 General Fund expenditures, which reduces the available unreserved fund balance for the General Fund to \$10,532,418, or approximately 24% of total General Fund expenditures.

**Overview of the Financial Statements**

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

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

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

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2009

**Overview of the Financial Statements (Continued)**

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

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

The government-wide financial statements include the activities of the Town and its component units, Bristol-Warren Regional School District and the Bristol Fourth of July Committee. The component units each issue a separate financial statement, 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 that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2009

**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 91 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, which is considered to be a major fund. Data from the remaining 90 governmental funds are combined into a single aggregated presentation.

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

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

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

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

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

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

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

TOWN OF BRISTOL, RHODE ISLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2009

**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 \$60,046,141 at the close of the 2009 fiscal year.

**Town of Bristol's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008 (Restated)	2009	2008 (Restated)	2009	2008 (Restated)
Current and other assets	\$ 26,407,405	\$ 30,376,110	\$ 2,206,137	\$ 2,563,318	\$ 28,613,542	\$ 32,939,428
Capital assets	43,206,335	37,740,100	36,949,523	36,724,265	80,155,858	74,464,365
<b>Total assets</b>	<b>69,613,740</b>	<b>68,116,210</b>	<b>39,155,660</b>	<b>39,287,583</b>	<b>108,769,400</b>	<b>107,403,793</b>
Long-term liabilities	27,858,699	16,771,081	16,856,035	17,297,941	44,714,734	34,069,022
Other liabilities	3,769,709	15,351,240	238,816	263,657	4,008,525	15,614,897
<b>Total liabilities</b>	<b>31,628,408</b>	<b>32,122,321</b>	<b>17,094,851</b>	<b>17,561,598</b>	<b>48,723,259</b>	<b>49,683,919</b>
Net assets:						
Invested in capital assets	19,887,222	26,862,041	20,667,336	19,994,175	40,554,558	46,856,216
Restricted	4,927,739	3,032,447			4,927,739	3,032,447
Unrestricted	13,170,371	6,099,401	1,393,473	1,731,810	14,563,844	7,831,211
<b>Total net assets</b>	<b>\$ 37,985,332</b>	<b>\$ 35,993,889</b>	<b>\$ 22,060,809</b>	<b>\$ 21,725,985</b>	<b>\$ 60,046,141</b>	<b>\$ 57,719,874</b>

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less outstanding debt equals \$19,887,222. 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.

The governmental activities have total net assets of \$37,985,332. Included within total net assets are capital assets, net of related debt, of \$19,887,222 and restricted net assets of \$4,927,739 as of June 30, 2009, leaving an unrestricted balance of \$13,170,371.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2009

**Government-wide Financial Analysis (Continued)**

**Town of Bristol's Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,458,032	\$ 2,274,710	\$ 4,509,020	\$ 4,823,224	\$ 6,967,052	\$ 7,097,934
Operating grants and contributions	1,201,308	586,055			1,201,308	586,055
Capital grants and contributions	309,605	1,357,965			309,605	1,357,965
General revenues:						
Property taxes	33,236,923	31,645,318			33,236,923	31,645,318
Grants and contributions not restricted to specific programs	3,548,667	3,421,438	470,500		4,019,167	3,421,438
Investment earnings (losses)	(452,116)	1,670,746	52,449	385	(399,667)	1,671,131
Miscellaneous	591,970	1,270,227			591,970	1,270,227
Total revenues	<u>40,894,389</u>	<u>42,226,459</u>	<u>5,031,969</u>	<u>4,823,609</u>	<u>45,926,358</u>	<u>47,050,068</u>
Expenses:						
General government	2,750,316	2,126,988			2,750,316	2,126,988
Public safety	7,019,660	6,484,705			7,019,660	6,484,705
Public works	6,500,954	4,853,407			6,500,954	4,853,407
Community services	2,688,563	3,627,941			2,688,563	3,627,941
Unallocated expenses	-	5,220,077			-	5,220,077
Education	19,342,364	18,517,260			19,342,364	18,517,260
Interest on long-term debt	846,089	791,321			846,089	791,321
Sewer			4,452,145	4,722,703	4,452,145	4,722,703
Total expenses	<u>39,147,946</u>	<u>41,621,699</u>	<u>4,452,145</u>	<u>4,722,703</u>	<u>43,600,091</u>	<u>46,344,402</u>
Increase in net assets before transfers	1,746,443	604,760	579,824	100,906	2,326,267	705,666
Transfers	<u>245,000</u>	<u>718,207</u>	<u>(245,000)</u>	<u>(718,207)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>1,991,443</u>	<u>1,322,967</u>	<u>334,824</u>	<u>(617,301)</u>	<u>2,326,267</u>	<u>705,666</u>
Net assets, beginning of year:						
As previously reported	28,018,548	26,695,581	21,454,892	22,072,193	49,473,440	48,767,774
Prior period adjustments	7,975,341		271,093		8,246,434	
As restated	<u>35,993,889</u>	<u>26,695,581</u>	<u>21,725,985</u>	<u>22,072,193</u>	<u>57,719,874</u>	<u>48,767,774</u>
Net assets, end of year	<u>\$ 37,985,332</u>	<u>\$ 28,018,548</u>	<u>\$ 22,060,809</u>	<u>\$ 21,454,892</u>	<u>\$ 60,046,141</u>	<u>\$ 49,473,440</u>

**Governmental Activities**

Governmental activities increased the Town's net assets by \$1,991,443, accounting for a portion of the growth in the net assets of the Town. Much of this increase in net assets was attributed to the Town's \$12,210,000 bond issue to repay previously outstanding bond anticipation notes (BANS) that had been used to partially finance capital asset acquisitions. This also accounts for the decrease in net assets invested in capital assets since such amounts are presented net of related debt.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2009

**Business-Type Activities**

Business-type activities increased the Town's net assets by \$334,824, after the transfer of \$245,000 to governmental activities.

**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, unreserved 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, 2009, the Town's governmental funds reported combined ending fund balances of \$21,532,953. Approximately 84% or \$18,069,390, constitutes unreserved fund balance, which is available for spending at the Town's discretion. Of this included in unreserved fund balance is \$3,351,612 designated for future capital and operating expenditures. The remainder of the fund balance is reserved to indicate that it either 1) is not available for new spending because it has already been committed to liquidate contracts and purchase orders of prior periods, 2) represents unexpendable inventory items, or 3) represents amounts 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, 2009, the total fund balance of the General Fund was \$16,769,976, of which \$13,884,030 was unreserved. This unreserved fund balance represents approximately 32% of total General Fund expenditures. Of the total fund balance, \$3,351,612 was designated to meet 2010 fiscal year's General Fund expenditures.

The fund balance of the General Fund increased by \$8,307,439 in fiscal year 2009. While the Town's expenditures exceeded its revenues by \$3,726,802, the issuance of \$12,210,000 of general obligation bonds to repay previously outstanding BANS that were used to finance capital outlays and to provide funds for additional capital outlays, caused the current year's increase in the General Fund balance. The fiscal year 2009 annual budget for the Town's General Fund identified the appropriation of \$550,000 in fund balance to reduce the impact of taxes levied and to balance the budget. Due in part to the loss of State aid in excess of \$800,000, all of the \$550,000 was used in the current year. Furthermore, because of the carryforward of unexpended capital project funds from the prior year, actual expenditures for the year were \$3,611,767 less than budgeted; actual revenues exceeded budgeted revenues by \$1,541,223, principally due to property tax collections and investment earnings. Expenditures for education totaled \$19,342,364 and accounted for roughly 44% of total General Fund expenditures.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2009

**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 \$1,393,473. The financial statements for the fund can be found on pages 17 through 20 of this report.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor, except in the area of capital outlays where provision was made for the beginning of construction of a new fire and rescue headquarters and road repairs throughout the Town. The Town expects to issue general obligations bonds in 2010 to reimburse this advance funding.

**Town of Bristol's Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$80,155,858, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, infrastructure and construction in progress. For the first time in the Town's history, the Town was able to quantify, and include in its capital assets, those infrastructure assets acquired prior to 2000, resulting in a net addition to capital assets of approximately \$8,000,000.

Several major additions to the Town's capital assets related to its governmental activities were made during the year, including a new library, continued street paving and sidewalk repair programs, recreation/park projects, and public safety and public works equipment upgrades. The Town's \$8,600,000 renovated and expanded library project was completed and placed in operation in the 2009 fiscal year. The Town began construction of a \$6,700,000 renovation and expansion of a fire and rescue headquarters, which is scheduled to be operational before June 30, 2010.

**Long-term debt.** At June 30, 2009, the Town has total bonded debt and loans outstanding of \$42,186,699, of which \$25,670,000 is backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total equalized valuation. The current debt limitation for the Town is \$96,417,680, which significantly exceeds the Town's current outstanding general obligation debt.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2009

**Town of Bristol's Capital Assets (Continued)**

**Long-term debt (continued).** During 2009, the Town issued \$12,210,000 in general obligation bonds, a portion of which was used to repay \$9,935,000 in BANS borrowed for construction of the library and infrastructure improvements, and to replenish the General Fund for capital outlays previously expended.

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

**Economic Factors and Next Year's Budgets and Rates**

- The 2009 unemployment rate for Bristol County, which includes the Town, was 10.6%. This compares with an unemployment rate of 12.3% for the State of Rhode Island and a national unemployment rate of 9.8 percent.
- \$3,351,612 of the unreserved fund balance in the General Fund was appropriated for spending in fiscal year 2010.
- The Town's tax rate was increased by a scant 2 cents per thousand dollars of assessed value in 2010.
- The Town's appropriation to fund its contribution to the regional school district increased by \$241,598, or 1.2%, to \$19,583,962 for the 2010 fiscal year.
- The Town intends to issue \$1,750,000 of 20-year general obligation bonds to finance road repairs, drainage improvements and open space acquisition.
- The Town will also issue \$1,875,000 of one year notes (BANS) for completion of the new fire and rescue headquarters building.

**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, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District	Bristol Fourth of July Committee
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 16,069,997	\$ 12,513	\$ 16,082,510	\$ 8,694,517	\$ 117,696
Investments	5,694,916		5,694,916	9,657	
Accounts receivable, less allowance for doubtful accounts of \$343,711:					
Property taxes	1,060,069		1,060,069		
Federal and state government	1,389,280		1,389,280	39,855	
Assessments and user fees		209,244	209,244		
Other	236,299	33,242	269,541	3,756,325	
Internal balances	(1,141,264)	1,141,264	-		
Inventory	15,394		15,394		
Property held for sale	466,552		466,552	20,539	
OPEB asset, net	377,778		377,778		
Noncurrent assessments and user fees		585,712	585,712		
Note receivable, component unit	2,050,000		2,050,000		
Deferred charges, net	188,384	224,162	412,546		
Capital assets not being depreciated	12,147,274	980,493	13,127,767		
Capital assets being depreciated, net	31,059,061	35,969,030	67,028,091	41,756,498	
<b>Total assets</b>	<b>69,613,740</b>	<b>39,155,660</b>	<b>108,769,400</b>	<b>54,277,391</b>	<b>117,696</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	1,727,570	238,816	1,966,386	6,024,171	-
Bond anticipation note payable	2,000,000		2,000,000		
Unearned revenue	42,139		42,139	346,518	
OPEB obligation, net				2,744,751	
Note payable, primary government:					
Due within one year				70,000	
Due in more than one year				1,980,000	
Long-term obligations:					
Due within one year	2,295,201	1,452,862	3,748,063	2,175,000	
Due in more than one year	25,563,498	15,403,173	40,966,671	31,525,298	
<b>Total liabilities</b>	<b>31,628,408</b>	<b>17,094,851</b>	<b>48,723,259</b>	<b>44,865,738</b>	<b>-</b>
Commitments and contingencies (Notes 12 and 13)					
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	19,887,222	20,667,336	40,554,558	6,004,321	-
Restricted for:					
Capital projects funded with bond proceeds	1,509,001		1,509,001		
Community Development	456,704		456,704		
Other purposes:					
Expendable	2,384,417		2,384,417		
Nonexpendable	577,617		577,617		
Unrestricted	13,170,371	1,393,473	14,563,844	3,407,332	117,696
<b>Total net assets</b>	<b>\$ 37,985,332</b>	<b>\$ 22,060,809</b>	<b>\$ 60,046,141</b>	<b>\$ 9,411,653</b>	<b>\$ 117,696</b>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 2,750,316	\$ 637,689	\$ 8,136	\$ -	\$ (2,104,491)		\$ (2,104,491)	
Public safety	7,019,660	760,649	88,747	129,851	(6,040,413)		(6,040,413)	
Public works	6,500,954	955,431	92,884	-	(5,452,639)		(5,452,639)	
Community services	2,688,563	104,263	1,011,541	179,754	(1,393,005)		(1,393,005)	
Education	19,342,364	-	-	-	(19,342,364)		(19,342,364)	
Interest on long-term debt	846,089	-	-	-	(846,089)		(846,089)	
Total governmental activities	39,147,946	2,458,032	1,201,308	309,605	(35,179,001)		(35,179,001)	
<b>Business-type activities:</b>								
Sewer	4,452,145	4,509,020				\$ 56,875	56,875	
Total primary government	\$ 43,600,091	\$ 6,967,052	\$ 1,201,308	\$ 309,605	(35,179,001)	56,875	(35,122,126)	
<b>Component units:</b>								
Bristol Warren Regional School District	\$ 62,492,799	\$ 1,226,036	\$ 57,645,425	\$ -				\$ (3,621,338)
Bristol Fourth of July Committee	347,237	235,954	30,262					(81,021)
Total component units	\$ 62,840,036	\$ 1,461,990	\$ 57,675,687	\$ -				(3,702,359)
General revenues:								
Property taxes					33,236,923		33,236,923	
Grants and contributions not restricted to specific programs					3,548,667	470,500	4,019,167	
Investment earnings (losses)					(452,116)	52,449	(399,667)	78,934
Miscellaneous					591,970		591,970	464,612
Transfers					245,000	(245,000)	-	
Total general revenues and transfers					37,170,444	277,949	37,448,393	543,546
Change in net assets					1,991,443	334,824	2,326,267	(3,158,813)
Net assets, beginning of year:								
As previously reported					28,018,548	21,454,892	49,473,440	12,474,880
Prior period adjustments (Note 15)					7,975,341	271,093	8,246,434	213,282
As restated					35,993,889	21,725,985	57,719,874	12,688,162
Net assets, end of year					\$ 37,985,332	\$ 22,060,809	\$ 60,046,141	\$ 9,529,349

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 15,067,194	\$ 1,002,803	\$ 16,069,997
Investments	2,434,111	3,260,805	5,694,916
Receivables:			
Property taxes, less allowance for doubtful accounts of \$343,711	1,060,069		1,060,069
Intergovernmental	830,978	558,302	1,389,280
Other	202,830	33,469	236,299
Due from other funds	747,314	1,243,891	1,991,205
Inventory	15,394		15,394
Advance to other fund	354,000		354,000
Property held for sale	466,552		466,552
Notes receivable, component unit	2,050,000		2,050,000
<b>Total assets</b>	<b>\$ 23,228,442</b>	<b>\$ 6,099,270</b>	<b>\$ 29,327,712</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,366,179	\$ 37,285	\$ 1,403,464
Bond anticipation note payable	2,000,000		2,000,000
Due to other funds	2,373,177	759,292	3,132,469
Deferred revenue	719,110	185,716	904,826
Advance from General Fund		354,000	354,000
<b>Total liabilities</b>	<b>6,458,466</b>	<b>1,336,293</b>	<b>7,794,759</b>
Fund balances:			
Reserved for:			
Note receivable	2,050,000		2,050,000
Property held for sale	466,552		466,552
Advance	354,000		354,000
Inventory	15,394		15,394
Nonexpendible portion of permanent funds		577,617	577,617
Unreserved, reported in:			
General Fund	13,884,030		13,884,030
Special revenue funds		1,138,620	1,138,620
Capital project funds		662,323	662,323
Permanent funds		2,384,417	2,384,417
<b>Total fund balances</b>	<b>16,769,976</b>	<b>4,762,977</b>	<b>21,532,953</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,228,442</b>	<b>\$ 6,099,270</b>	<b>\$ 29,327,712</b>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET ASSETS

JUNE 30, 2009

Total fund balances for governmental funds		\$	21,532,953
Assets used in governmental activities which are not financial resources and, therefore, are not reported in the funds:			
Capital assets, net	\$	43,206,335	
OPEB asset, net		377,778	
Deferred charges		<u>188,384</u>	43,772,497
Some taxes and grants will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds.			862,687
Liabilities not due and payable in the current period which therefore are not reported in the funds:			
Bonds payable		25,557,497	
Compensated absences payable		2,282,776	
Net pension obligation		18,426	
Accrued interest		<u>324,106</u>	<u>(28,182,805)</u>
Net assets of governmental activities			<u>\$ 37,985,332</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 33,513,469		\$ 33,513,469
Intergovernmental	3,157,712	\$ 855,918	4,013,630
Licenses, permits and fees	2,222,065		2,222,065
Investment earnings (losses)	426,843	(878,959)	(452,116)
Other revenues	982,782	747,529	1,730,311
	<u>40,302,871</u>	<u>724,488</u>	<u>41,027,359</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,786,490	11,924	1,798,414
Public safety	4,182,209	124,688	4,306,897
Public works	4,216,453	325,480	4,541,933
Community services	1,228,034	574,326	1,802,360
Education	19,342,364		19,342,364
Insurance, payroll taxes and benefits	4,343,010		4,343,010
<b>Debt service:</b>			
Principal	1,547,141		1,547,141
Interest	693,328		693,328
Bond issuance costs	84,223		84,223
Capital outlay	6,606,421	650,584	7,257,005
	<u>44,029,673</u>	<u>1,687,002</u>	<u>45,716,675</u>
Excess of expenditures over revenues	<u>(3,726,802)</u>	<u>(962,514)</u>	<u>(4,689,316)</u>
<b>Other financing sources (uses):</b>			
Bonds proceeds	12,210,000		12,210,000
Bond premium	2,586		2,586
Transfers from other funds	481,344	824,675	1,306,019
Transfers to other funds	(659,689)	(401,330)	(1,061,019)
	<u>12,034,241</u>	<u>423,345</u>	<u>12,457,586</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>8,307,439</u>	<u>(539,169)</u>	<u>7,768,270</u>
<b>Fund balances, beginning of year:</b>			
As previously reported	8,838,264	5,302,146	14,140,410
Prior period adjustments	(375,727)		(375,727)
As restated	<u>8,462,537</u>	<u>5,302,146</u>	<u>13,764,683</u>
Fund balances, end of year	<u>\$ 16,769,976</u>	<u>\$ 4,762,977</u>	<u>\$ 21,532,953</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2009

Net change in fund balances for governmental funds		\$ 7,768,270
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	\$ 6,952,038	
Depreciation expense	<u>(1,485,803)</u>	5,466,235
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	84,223	
Amortization expense	<u>(9,527)</u>	74,696
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(132,969)
Change in OPEB asset is recorded in the statement of activities, but not in the governmental funds		51,016
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	1,547,141	
Issuance of general obligation bonds	(12,210,000)	
Premium on bond issuance	(2,586)	
Amortization of premiums, discounts and deferred charges on refunding	<u>(4,574)</u>	(10,670,019)
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	(417,599)	
Accrued interest	<u>(148,187)</u>	<u>(565,786)</u>
Change in net assets of governmental activities		<u>\$ 1,991,443</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET ASSETS - PROPRIETARY FUND

JUNE 30, 2009

**ASSETS:**

Current assets:

Cash and cash equivalents	\$ 12,513
Accounts receivable:	
Assessments and user fees receivable	209,244
Other	33,242
Due from other funds	<u>1,141,264</u>
 Total current assets	 1,396,263

Noncurrent assets:

Assessments and user fees receivable	585,712
Deferred charges, net of amortization of \$358,155	224,162
Capital assets not being depreciated	980,493
Capital assets being depreciated, net	<u>35,969,030</u>
 Total assets	 <u>39,155,660</u>

**LIABILITIES:**

Current liabilities:

Accounts payable and accrued expenses	238,816
Current portion of long-term debt	<u>1,452,862</u>
 Total current liabilities	 1,691,678

Noncurrent liabilities, long-term debt, net of current portion	<u>15,403,173</u>
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Total liabilities	<u>17,094,851</u>
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**NET ASSETS:**

Invested in capital assets, net of related debt	20,667,336
Unrestricted	<u>1,393,473</u>
 Total net assets	 <u>\$ 22,060,809</u>

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, 2009

Operating revenues:	
User fees	\$ 4,397,901
Other revenues	<u>111,119</u>
Total operating revenues	<u>4,509,020</u>
Operating expenses:	
Salaries and benefits	1,681,721
Materials and supplies	161,937
Repairs and maintenance	586,853
Depreciation	1,073,131
Utilities	386,336
Administrative	13,968
Miscellaneous	<u>30,131</u>
Total operating expenses	<u>3,934,077</u>
Operating income	<u>574,943</u>
Nonoperating revenues (expenses):	
Interest revenue	52,449
Interest expense	(480,655)
Amortization of bond issuance costs	<u>(37,413)</u>
Total nonoperating revenues (expenses)	<u>(465,619)</u>
Income before capital contributions and transfer	109,324
Capital contributions:	
Sewer assessments	274,443
Donated assets	196,057
Transfer to other funds	<u>(245,000)</u>
Change in net assets	<u>334,824</u>
Net assets, beginning of year:	
As previously reported	21,454,892
Prior period adjustments	<u>271,093</u>
As restated	<u>21,725,985</u>
Net assets, end of year	<u><u>\$ 22,060,809</u></u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:	
Cash received from customers	\$ 4,424,978
Cash received from other sources	111,119
Cash paid for employees and benefits	(1,637,732)
Cash paid to suppliers	<u>(1,137,867)</u>
Net cash provided by operating activities	<u>1,760,498</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	(245,000)
Interfund borrowings	<u>391,846</u>
Net cash provided by noncapital financing activities	<u>146,846</u>
Cash flows from capital and related financing activities:	
Capital contributions	208,593
Acquisition and construction of fixed assets	(324,764)
Principal paid on bonds and notes	(1,417,563)
Interest paid on bonds and notes	<u>(425,996)</u>
Net cash used in capital and related financing activities	<u>(1,959,730)</u>
Cash provided by investing activities, interest received	<u>52,449</u>
Net increase in cash and cash equivalents	63
Cash and cash equivalents, beginning of year	<u>12,450</u>
Cash and cash equivalents, end of year	<u><u>\$ 12,513</u></u>

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)

YEAR ENDED JUNE 30, 2009

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 574,943
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,073,131
Changes in assets and liabilities:	
Increase in:	
Accounts payable and accrued expenses	41,937
Accrued compensated absences	43,410
Decrease in accounts receivable, user fees	<u>27,077</u>
Net cash provided by operating activities	<u>\$1,760,498</u>
Supplemental disclosures, noncash capital and related financing activities:	
Acquisition and construction of fixed assets paid from loan proceeds held by State of Rhode Island	<u>\$ 932,247</u>
Donation of capital assets	<u>\$ 196,057</u>
Capital contributions from new sewer construction assessments receivable over twenty years	<u>\$ 274,443</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Police Retirement Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 392,828		\$ 1,051,728	\$ 143,070
Investments	9,600,352	\$ 1,292,827	2,184,294	
Cash surrender value of life insurance		457,645		
Receivables:				
Investment income			9,461	
Contributions	160,732	100,000		
Other				28,417
Prepaid expenses	<u>104,200</u>			
Total assets	<u>10,258,112</u>	<u>1,850,472</u>	<u>3,245,483</u>	<u>\$ 171,487</u>
<b>LIABILITIES:</b>				
Accounts payable			7,000	
Deposits held in custody for others				<u>\$ 171,487</u>
Total liabilities			<u>7,000</u>	<u>\$ 171,487</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits and other purposes	<u>\$ 10,258,112</u>	<u>\$ 1,850,472</u>	<u>\$ 3,238,483</u>	

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2009

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
Additions to net assets:			
Contributions:			
Employer	\$ 640,220	\$ 889,043	
Plan members	62,232	67,604	
Donors			\$ 158,939
Total additions	<u>702,452</u>	<u>956,647</u>	<u>158,939</u>
Deductions from net assets:			
Investment loss, net:			
Interest income	(303,061)	(31,387)	(76,775)
Net depreciation in fair value of investments	<u>2,072,161</u>	<u>49,932</u>	<u>384,204</u>
	1,769,100	18,545	307,429
Benefits	1,215,236	685,000	
Administrative expense	132,594	77,886	
Trust expenses			<u>102,743</u>
Total deductions	<u>3,116,930</u>	<u>781,431</u>	<u>410,172</u>
Change in net assets	(2,414,478)	175,216	(251,233)
Net assets, beginning of year	<u>12,672,590</u>	<u>1,675,256</u>	<u>3,489,716</u>
Net assets, end of year	<u>\$ 10,258,112</u>	<u>\$ 1,850,472</u>	<u>\$ 3,238,483</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

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). The Charter 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.

An act was passed at the January 1991 session of the General Assembly which authorized the Towns of Bristol and Warren to form a regional school district of all the public schools in the Towns of Bristol and Warren to include all grades and programs currently 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.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

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. The District is included in the financial statements of the Town as a discretely presented component unit.

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, which has a fiscal year-end of September 30, is included in the financial statements of the Town as a discretely presented component unit.

*Basis of presentation:*

*Government-wide financial statements:*

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

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

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 all activities except those legally or administratively required to be accounted for in other funds.

*Special revenue funds:*

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specific purposes. The Town's special revenue funds are all nonmajor funds.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Fund financial statements (continued):*

*Governmental funds (continued):*

*Capital projects funds:*

Capital projects funds are used to account for financial resources designated for the acquisition or construction of major capital projects or items, other than those financed by a proprietary fund. The Town's capital projects funds are all nonmajor funds.

*Permanent funds:*

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

*Proprietary funds:*

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

*Fiduciary funds:*

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

*Police Retirement Trust:*

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

*Other Postemployment Benefits (OPEB) Trust:*

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Fund financial statements (continued):*

*Fiduciary funds (continued):*

*Private purpose trusts:*

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

*Agency:*

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

*Measurement focus and basis of accounting:*

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as deferred revenues. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Measurement focus and basis of accounting (continued):*

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

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as deferred revenues.

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

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

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

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Property taxes:*

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

Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 5.0% over that of the preceding fiscal year for 2009. The rate decreases annually by .25% to 4% in 2013.

*Intergovernmental revenues:*

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

*Use of estimates:*

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

*Cash and cash equivalents:*

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

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Investments:*

Investments are reported at fair value, as established by 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 OBEB Trust. The investment policy applies to investments with a maturity of one year or less, with the primary objective being the preservation of capital. The investment policy authorizes investments in the following instruments: U.S. Treasury Bills, U.S. Treasury Notes or Bonds, U.S. Agency obligations, certificates of deposit, repurchase agreements, commercial paper, eurodollar time deposits, money market mutual funds and collective short-term funds.

*Interfund transactions:*

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

*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.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Capital assets:*

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

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

Since 2000, the Town has reported only current year infrastructure additions in the governmental funds. The accompanying financial statements report the value of prior infrastructure as a prior period adjustment (see Note 15). The value of business-type fund infrastructure is fully reported and depreciated as applicable.

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:

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

Capital assets of the District consist principally of 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.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Compensated absences:*

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

*Long-term obligations:*

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations (including compensated absences) are reported as liabilities in the statement of net 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 expensed as incurred. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

*Fund equity:*

*Government-wide and proprietary fund financial statements:*

*Net assets:*

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

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

Restricted – those that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law.

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Governmental fund financial statements:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. Fund balances:

As of June 30, 2009, unreserved fund balance designations are as follows:

	General Fund
	<u>          </u>
To balance fiscal 2010 budget	\$ 655,000
Reappropriated capital items	2,645,795
Reappropriated other items	<u>50,817</u>
Total	<u>\$ 3,351,612</u>

*Fund deficits:*

The following individual funds had deficit fund equity balances as of June 30, 2009:

Nonmajor governmental funds:	
Silver Creek Recreation	\$ 46,171
Silver Creek Thomas Park	97,406
Last Night	1,938
Planning Engineering	48,901
9 Court Street	<u>55,763</u>
	<u>\$ 250,179</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Cash and investments:

*Cash and cash equivalents (deposits):*

At June 30, 2009, the carrying amount of the Town's deposits (excluding component units), including \$4,389,774 of cash equivalents, was \$17,670,136 and the bank balance was \$18,312,620, of which \$15,199,305 was uninsured and collateralized with securities held by the pledging financial institution, but not in the Town's name and \$123,030 was uninsured and uncollateralized. The carrying amount includes \$1,587,626 in fiduciary funds.

At June 30, 2009, deposits are categorized as follows:

	Insured/ collateralized in Town's name	Rating	Maturities	Total bank balance	Carrying amount
Deposits:					
Demand deposits	\$ 2,990,285			\$ 14,190,701	\$ 12,783,720
Repurchase agreements		N/A	7/1/09	496,642	496,642
Money market	<u>                    </u>			<u>3,625,277</u>	<u>4,389,774</u>
	<u>\$ 2,990,285</u>			<u>\$ 18,312,620</u>	<u>\$ 17,670,136</u>

At June 30, 2009, the carrying amount of the District's deposits was \$8,956,173 (including \$261,656 in fiduciary funds) and the bank balance was \$9,065,581, of which \$4,960,066 was insured and \$4,105,515 was uninsured and collateralized with securities held by the pledging financial institution, but not in the District's name.

At June 30, 2009, the carrying amount of the Committee's deposits, including \$46,204 of cash equivalents, was \$117,696 and the bank balance was \$128,572, all of which was insured.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Cash and investments (continued):

*Investments:*

At June 30, 2009, the Town's investments (including \$13,077,473 held in fiduciary funds) are as follows:

Description	Fair value	Interest rate	Maturity	Rating
U.S. Government Securities:				
United States Treasury Notes	\$ 1,355,387	.875-7.25%	8/31/10-2/15/31	AAA
United States Treas NT Inflation Index	386,464	1.625-03.625%	7/15/13-4/15/28	AAA
Federal Home Loan Bank Bonds	477,052	3.5-4.375%	7/16/10-6/14/13	AAA
Federal Home Loan Mortgage Corp	653,474	2.875-5.125%	11/23/10-1/17/17	AAA
Federal National Mortgage Assn	708,930	2.875-6.25%	4/15/11-5/15/29	AAA
Federal Natl Mtg Assn Generic Strips	43,358	N/A	1/15/2025	AAA
Gmt Agency Asset-Backed Trusts:				
Federal Home Loan Mortgage Corp Pool	33,542	4.5-5.5%	7/1/19-1/1/23	AAA
Federal National Mortgage Assn Pool	200,365	4.5-6%	12/1/34-4/1/39	AAA
Corporate bonds:				
	152,313	5-5.875%	11/15/11-1/14/38	AA+
	68,962	4.95-6.45%	2/1/11-8/15/14	AA-
	93,814	5.3-7.375%	9/27/10-5/15/18	A+
	419,660	4.125-7.875%	9/15/09-5/15/18	A
	99,974	5.125-8.75%	12/15/09-7/1/19	A-
	200,491	5.25-8.5%	3/1/10-3/15/19	BBB+
	123,081	5.5-7.875%	11/15/11-1/15/19	BBB
	34,153	8.125%	2/15/2019	BBB-
	87,181	6.875%	9/15/2011	CCC
Corporate asset-backed trusts	51,084	5-5.6%	2/8/12-6/16/14	AAA
Foreign government bonds:				
	35,911	2.750%	2/22/2011	AA
	26,752	5.875-7.5%	1/14/12-2/17/14	BBB+
Foreign corporate bonds:				
	20,032	3.875%	3/10/2015	AA
	30,794	4.875%	5/20/2013	A+
	38,198	6.350%	10/15/2011	A
	5,216	5.750%	10/23/2017	A-
	10,271	5.250%	7/22/2013	BBB+
	25,120	4.000%	1/15/2010	BBB
Preferred stocks	250,809	7.250%	12/31/2049	N/A
Common stocks	11,737,685	N/A	N/A	N/A
Mutual funds	1,402,316	N/A	N/A	N/A
	<u>\$ 18,772,389</u>			

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Deposits and investments (continued):

*Investments (continued):*

*Interest rate risk:*

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

Approximately 30% 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 70% of the investments are held in stocks and mutual funds. These investments do not specify an interest rate, rather, the rate of return is dependent on operating results and economic conditions.

*Credit risk:*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. At June 30, 2009, 69% of the Town's investments subject to credit risk were rated AAA and only 13% were rated less than A-.

*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, 2009, 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 70% of the investments were held in common stock and mutual funds, these investments were in a wide range of companies and various industries, enabling the Town to minimize its risk.

*Custodial credit risk:*

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

4. Interfund transactions:

Interfund receivables and payables at June 30, 2009 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from:</b>		
Governmental funds:		
General fund	Governmental funds:	
	Nonmajor funds	\$ 747,314
Nonmajor funds	Governmental funds:	
	General fund	1,231,913
	Nonmajor funds	11,978
		<u>1,243,891</u>
Enterprise funds:		
Sewer	Governmental funds:	
	General fund	1,141,264
		<u>\$ 3,132,469</u>

**Advances to/from:**

Governmental funds:		
General fund	Governmental funds:	
	Nonmajor funds	\$ 354,000

Operating transfers between funds for the year ended June 30, 2009 were as follows:

Transfer to	Transfer from	Amount
Governmental funds:		
General fund	Governmental funds:	
	Nonmajor funds	\$ 361,344
	Enterprise funds:	
	Sewer	120,000
		<u>481,344</u>
Governmental funds:		
Nonmajor funds	Governmental funds:	
	General fund	659,689
	Nonmajor funds	39,986
		<u>699,675</u>
	Enterprise funds:	
	Sewer	125,000
		<u>824,675</u>
		<u>\$ 1,306,019</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

5. Due from 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 rate per year equal to the rate paid by the Town on its 2/18/09 general obligation bond payable. Principal will be repaid in twenty annual payments through February 15, 2029. Interest is payable semi-annually. In conjunction with the loan, the District has committed to deposit the State housing aid it will receive for eight years related to the Colt School project into a Town fiduciary fund, which will make the debt service payment to the Town on the District's behalf. The fiduciary fund is collateral for the loan.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

6. Capital assets:

	Beginning balances (Restated)	Increases	Decreases	Ending balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,905,876	\$ 352,206		\$ 9,258,082
Construction in progress	8,457,153	2,442,719	\$ 8,010,680	2,889,192
Total capital assets not being depreciated	<u>17,363,029</u>	<u>2,794,925</u>	<u>8,010,680</u>	<u>12,147,274</u>
Capital assets being depreciated:				
Buildings and improvements	8,544,282	8,371,243		16,915,525
Vehicles	5,276,504	158,594	140,000	5,295,098
Machinery and equipment	2,540,625	974,230		3,514,855
Infrastructure	18,277,501	2,663,726		20,941,227
Total capital assets being depreciated	<u>34,638,912</u>	<u>12,167,793</u>	<u>140,000</u>	<u>46,666,705</u>
Less accumulated depreciation for:				
Buildings and improvements	3,759,540	376,671		4,136,211
Vehicles	4,110,397	360,424	140,000	4,330,821
Machinery and equipment	563,906	223,959		787,865
Infrastructure	5,827,998	524,749		6,352,747
Total accumulated depreciation	<u>14,261,841</u>	<u>1,485,803</u>	<u>140,000</u>	<u>15,607,644</u>
Total capital assets being depreciated, net	<u>20,377,071</u>	<u>10,681,990</u>	<u>-</u>	<u>31,059,061</u>
Governmental activity capital assets, net	<u>\$ 37,740,100</u>	<u>\$ 13,476,915</u>	<u>\$ 8,010,680</u>	<u>\$ 43,206,335</u>
<b>Business-type activities - Sewer fund:</b>				
Capital assets not being depreciated:				
Land	\$ 458,072			\$ 458,072
Construction in progress	1,235,523	\$ 623,632	\$ 1,336,734	522,421
Total capital assets not being depreciated	<u>1,693,595</u>	<u>623,632</u>	<u>1,336,734</u>	<u>980,493</u>
Capital assets being depreciated:				
Sewer lines	44,912,855	2,011,491	2,850	46,921,496
Equipment	1,633,879		33,312	1,600,567
Total capital assets being depreciated	<u>46,546,734</u>	<u>2,011,491</u>	<u>36,162</u>	<u>48,522,063</u>
Less accumulated depreciation for:				
Sewer lines	10,628,591	980,712	2,850	11,606,453
Equipment	887,473	92,419	33,312	946,580
Total accumulated depreciation	<u>11,516,064</u>	<u>1,073,131</u>	<u>36,162</u>	<u>12,553,033</u>
Total capital assets being depreciated, net	<u>35,030,670</u>	<u>938,360</u>	<u>-</u>	<u>35,969,030</u>
Business-type activities capital assets, net	<u>\$ 36,724,265</u>	<u>\$ 1,561,992</u>	<u>\$ 1,336,734</u>	<u>\$ 36,949,523</u>

(continued)

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

6. Capital assets (continued):

<b>Component unit:</b>	<u>Beginning balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balances</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 61,581,700	\$ 426,818	\$ 409,000	\$ 61,599,518
Vehicles	690,944			690,944
Machinery and equipment	412,351	2,087	20,000	394,438
Infrastructure	<u>277,386</u>			<u>277,386</u>
Total capital assets being depreciated	<u>62,962,381</u>	<u>428,905</u>	<u>429,000</u>	<u>62,962,286</u>
Less accumulated depreciation for:				
Buildings and improvements	18,234,295	2,368,072	409,000	20,193,367
Vehicles	548,713	68,693		617,406
Machinery and equipment	354,238	16,969	5,714	365,493
Infrastructure	<u>1,784</u>	<u>27,738</u>		<u>29,522</u>
Total accumulated depreciation	<u>19,139,030</u>	<u>2,481,472</u>	<u>414,714</u>	<u>21,205,788</u>
Component unit capital assets, net	<u>\$ 43,823,351</u>	<u>\$ (2,052,567)</u>	<u>\$ 14,286</u>	<u>\$ 41,756,498</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 97,946
Public safety	495,701
Public works	583,993
Community services	<u>308,163</u>
	<u>\$ 1,485,803</u>
Business-type activities:	
Sewer Fund	<u>\$ 1,073,131</u>
Component unit:	
Education	<u>\$ 2,481,472</u>

During 2009, the library renovations were completed and transferred from construction in progress to buildings and improvements. The balance in construction in progress at June 30, 2009 relates to the construction and renovation of the Fire Rescue Station, expected to be completed by June 30, 2010.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

7. Accounts payable and accrued expenses:

	<u>Vendors</u>	<u>Other Governments</u>	<u>Employees</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:					
General Fund	\$1,000,169	\$ 60,334	\$ 290,437	\$ 15,239	\$ 1,366,179
Nonmajor funds	37,285				37,285
Reconciliation of balances in fund financial statements to government- wide financial statements				324,106	324,106
	<u>1,037,454</u>	<u>60,334</u>	<u>290,437</u>	<u>339,345</u>	<u>1,727,570</u>
Business-type activities:					
Sewer	<u>112,658</u>		<u>6,349</u>	<u>119,809</u>	<u>238,816</u>
Total primary government	<u>\$1,150,112</u>	<u>\$ 60,334</u>	<u>\$ 296,786</u>	<u>\$ 459,154</u>	<u>\$ 1,966,386</u>
Component unit:					
Bristol Warren Regional School District	<u>\$1,060,567</u>	<u>\$ 20,624</u>	<u>\$4,473,323</u>	<u>\$ 469,657</u>	<u>\$ 6,024,171</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. General Obligation Bond Anticipation Notes (BANS):

<u>Purpose</u>	<u>Authorized and Issued</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Outstanding at June 30, 2008</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Outstanding at June 30, 2009</u>
Library, Colt School, Burial ground, Roads, Public Safety, Open Space		2/6/08	3.00%	2/18/09	\$ 9,935,000		\$ 9,935,000	\$ -
Library	\$ 2,000,000	2/18/09	2.25%	2/17/10		\$ 2,000,000		2,000,000
Total	<u>\$ 2,000,000</u>				<u>\$ 9,935,000</u>	<u>\$ 2,000,000</u>	<u>\$ 9,935,000</u>	<u>\$ 2,000,000</u>

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

9. Long-term obligations:

*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. In addition, general obligation bonds have been issued to refund previously outstanding general obligation bonds.

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, 2008 was \$3,213,922,995, limiting the amount of non-excepted general obligation bonds outstanding to \$96,417,680. At June 30, 2009, bonds outstanding totaled \$25,670,000.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

9. Long-term obligations (continued):

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds and loans payable outstanding at June 30, 2009 are as follows:

Purpose	Authorized and Issued	Date of Issue	Interest Rate	Date of Maturity	Balance, June 30, 2008 (Restated)	New Issues	Maturities	Balance, June 30, 2009
<b>Governmental activities:</b>								
General obligation bonds payable:								
Refunding bond	\$ 3,920,000	9/1/96	5.3-5.4%	8/15/09	\$ 785,000		\$ 380,000	\$ 405,000
Landfill closure, open space, capital improvements	2,725,000	8/15/97	4.7-5.2%	8/15/17	500,000		50,000	450,000
Landfill closure, open space, capital improvements	3,920,000	8/1/99	4.5-5.125%	9/15/19	1,550,000		150,000	1,400,000
Refunding bond	2,730,000	6/1/01	4-4.35%	12/15/12	1,081,500		283,500	798,000
Refunding bond	1,813,350	8/15/02	3.1-3.85%	10/1/13	185,850		78,750	107,100
Road, sidewalks and capital improvements	2,500,000	5/1/05	3.5-5%	5/1/25	2,125,000		125,000	2,000,000
Road and sidewalks	1,000,000	5/1/06	4-5.5%	5/1/26	900,000		50,000	850,000
Sidewalks, Fire/Rescue building, open space, drainage	7,125,000	2/15/07	3.75-5%	2/15/27	7,075,000		370,000	6,705,000
Library, Colt School, Burial ground, Roads, Public Safety, Open Space	12,210,000	2/18/09	2-4.375%	2/15/29	-	\$ 12,210,000		12,210,000
Loan payable:								
RI Clean Water Protection Finance Agency: Landfill	1,200,000	9/1/97	2.71700%	9/1/17	699,445		59,891	639,554
	<u>\$ 39,143,350</u>				<u>\$ 14,901,795</u>	<u>\$ 12,210,000</u>	<u>\$ 1,547,141</u>	<u>\$ 25,564,654</u>
<b>Business-type activities:</b>								
Enterprise Fund, Sewer:								
General obligation bonds payable:								
Refunding bond	\$ 1,170,000	6/1/01	4-4.35%	12/15/12	\$ 463,500		\$ 121,500	\$ 342,000
Refunding bond	6,821,650	8/15/02	3.1-3.85%	10/1/13	699,150		296,250	402,900
Loans payable:								
RI Clean Water Protection Finance Agency:								
Compost loan #2	4,000,000	3/12/92	3.25420%	9/1/12	1,290,832		239,497	1,051,335
Compost loan #1	780,000	11/2/92	3.25420%	9/1/12	251,712		46,701	205,011
Water pollution control	3,700,000	8/25/99	2.82800%	9/1/19	2,558,448		182,041	2,376,407
Water pollution control	4,695,000	4/25/02	1.25450%	9/1/22	3,764,237		202,257	3,561,980
Water pollution control	1,000,000	12/30/04	.95-1.525	9/1/24	870,000		45,000	825,000
Water pollution control	3,655,000	12/15/05	1.15-1.555%	9/1/25	3,346,000		159,000	3,187,000
Water pollution control	3,700,000	12/21/06	1.205-1.385%	9/1/27	3,700,000		156,000	3,544,000
Water pollution control	3,245,000	12/12/07	1.175-1.630%	9/1/28	3,245,000			3,245,000
Bridge loan	2,600,000	6/25/09	0.41300%	10/9/09	-	\$ 2,600,000		2,600,000
	<u>\$ 35,366,650</u>				<u>20,188,879</u>	<u>2,600,000</u>	<u>1,448,246</u>	<u>21,340,633</u>
Less undrawn loan proceeds held by the State, available for sewer projects					<u>(3,050,835)</u>	<u>(2,600,000)</u>	<u>(932,247)</u>	<u>(4,718,588)</u>
					<u>\$ 17,138,044</u>	<u>\$ -</u>	<u>\$ 515,999</u>	<u>\$ 16,622,045</u>
<b>Component unit:</b>								
General obligation bonds payable:								
Schools	\$ 12,800,000	7/15/98	4.2-6.6%	7/15/18	\$ 8,665,000	\$ -	\$ 595,000	\$ 8,070,000
Schools	3,865,000	3/15/04	1.5-3.5%	9/1/15	2,545,000		345,000	2,200,000
Schools	1,700,000	6/27/06	4.0-5.0%	5/15/26	1,580,000		60,000	1,520,000
Schools	8,900,000	5/16/07	4.0-5.0%	6/30/27	8,610,000		300,000	8,310,000
Schools	12,200,000	5/14/08	3.5-5%	4/1/28	12,200,000		390,000	11,810,000
	<u>\$ 39,465,000</u>				<u>\$ 33,600,000</u>	<u>\$ -</u>	<u>\$ 1,690,000</u>	<u>\$ 31,910,000</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

9. Long-term obligations (continued):

At June 30, 2009, scheduled annual debt service requirements for the bonds and loans payable (excluding interest adjustments for the undrawn balance and including amounts due to primary government from the component unit) are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental activities:</b>			
2010	\$ 1,923,929	\$ 962,677	\$ 2,886,606
2011	1,546,536	898,103	2,444,639
2012	1,348,215	848,053	2,196,268
2013	1,370,018	801,453	2,171,471
2014	1,297,847	747,175	2,045,022
2015-2019	6,423,109	3,067,282	9,490,391
2020-2024	6,180,000	1,901,913	8,081,913
2025-2029	5,475,000	652,838	6,127,838
	<u>\$ 25,564,654</u>	<u>\$ 9,879,494</u>	<u>\$ 35,444,148</u>
<b>Business-type activities:</b>			
2010	\$ 1,401,474	\$ 403,640	\$ 1,805,114
2011	1,436,685	365,195	1,801,880
2012	1,374,653	327,567	1,702,220
2013	1,413,353	291,768	1,705,121
2014	1,062,804	261,166	1,323,970
2015-2019	5,250,688	971,973	6,222,661
2020-2024	4,527,976	438,108	4,966,084
2025-2029	2,273,000	92,876	2,365,876
Bridge loan, refinanced in 2010	2,600,000		2,600,000
	<u>\$ 21,340,633</u>	<u>\$ 3,152,293</u>	<u>\$ 24,492,926</u>
<b>Component unit:</b>			
2010	\$ 1,805,000	\$ 1,508,233	\$ 3,313,233
2011	1,870,000	1,437,302	3,307,302
2012	1,930,000	1,357,747	3,287,747
2013	2,005,000	1,273,609	3,278,609
2014	2,075,000	1,186,592	3,261,592
2015-2019	10,885,000	4,465,254	15,350,254
2020-2024	7,180,000	2,416,676	9,596,676
2025-2029	6,210,000	682,905	6,892,905
	<u>\$ 33,960,000</u>	<u>\$ 14,328,318</u>	<u>\$ 48,288,318</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

9. Long-term obligations (continued):

Changes in long-term obligations during the year ended June 30, 2009 were as follows:

	Balance, July 1, 2008 (Restated)	Additions	Retirements	Balance, June 30, 2009	Due Within One Year
<b>Governmental activities:</b>					
Bonds and loan payable:					
Bonds and loan	\$ 14,901,795	\$ 12,210,000	\$ 1,547,141	\$ 25,564,654	\$ 1,923,929
Deferred amounts:					
For issuance premiums	21,142	2,586	1,176	22,552	1,262
On refunding	(35,459)		(5,750)	(29,709)	(5,750)
Total bonds and loan payable	14,887,478	12,212,586	1,542,567	25,557,497	1,919,441
Accrued compensated absences	1,865,177	417,599		2,282,776	375,760
Net pension obligation	18,426			18,426	
Total long-term obligations	<u>\$ 16,771,081</u>	<u>\$ 12,630,185</u>	<u>\$ 1,542,567</u>	<u>\$ 27,858,699</u>	<u>\$ 2,295,201</u>
<b>Business-type activities:</b>					
Bonds and loans payable:					
Bonds and loans	\$ 20,188,879	\$ 2,600,000	\$ 1,448,246	\$ 21,340,633	\$ 1,401,474
Deferred amounts on refunding	(146,379)		(30,683)	(115,696)	(24,602)
Less undrawn loan proceeds held by the State	(3,050,835)	(2,600,000)	(932,247)	(4,718,588)	
Total bonds and notes payable	16,991,665	-	485,316	16,506,349	1,376,872
Accrued compensated absences	306,276	43,410		349,686	75,990
Total long-term obligations	<u>\$ 17,297,941</u>	<u>\$ 43,410</u>	<u>\$ 485,316</u>	<u>\$ 16,856,035</u>	<u>\$ 1,452,862</u>
<b>Component unit:</b>					
Bonds payable	\$ 33,600,000		\$ 1,690,000	\$ 31,910,000	\$ 1,735,000
Due to primary government	2,050,000			2,050,000	70,000
Accrued compensated absences	1,587,716	\$ 498,998	296,416	1,790,298	440,000
Bonds and notes	<u>\$ 37,237,716</u>	<u>\$ 498,998</u>	<u>\$ 1,986,416</u>	<u>\$ 35,750,298</u>	<u>\$ 2,245,000</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

10. Postemployment benefits:

Plan description:

The Town of Bristol established the Postretirement Benefits (OPEB) Plan (the Plan) and Trust (the Trust) on December 31, 2006. The Plan, a 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, 2009 and its activity for the year then ended are included in the statements of fiduciary net assets and changes in fiduciary net assets.

Benefits and employee contributions:

The Trust paid 100% of the amount for medical and dental costs incurred by eligible retirees, which totaled \$569,917 for the year ended June 30, 2009. 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 \$115,083 for the year ended June 30, 2009. Death benefits are split between the Trust and the employee's estate, with \$15,000 going to the employee's estate if the employee dies in active service; \$10,000 if the employee has retired. The balance is retained by the Trust.

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

The Trust's investments consist of mutual funds.

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

Covered participants:

As of July 1, 2008, the date of the last actuarial valuation, membership census is as follows:

Active employees	113
Retirees	78
Spouses of retirees	<u>47</u>
Total	<u><u>238</u></u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

10. Postemployment benefits (continued):

Annual OPEB cost and net OPEB obligation:

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Town. The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost and the amount actually contributed to the plan for the year ended June 30, 2009, and the Town's net OPEB asset as of June 30, 2009.

<u>Annual OPEB Cost</u>	
Annual Required Contribution	\$ 844,000
Interest on net OPEB asset	(24,507)
Adjustment to annual required contribution	<u>18,534</u>
Annual OPEB cost	838,027
Contributions made during the year	<u>889,043</u>
Increase in net OPEB asset	51,016
Net OPEB asset at beginning of year	<u>326,762</u>
Net OPEB asset at end of year	<u><u>\$ 377,778</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2008 and 2009 are as follows:

<u>Year ended June 30,</u>	<u>OPEB cost</u>	<u>Percentage of Annual OPEB cost contributed</u>	<u>Net OPEB Asset</u>
2008	\$ 1,999,547	116.3%	\$ 326,372
2009	\$ 838,027	106.1%	377,778

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

10. Postemployment benefits (continued):

Funded status and funding progress:

As of June 30, 2009, the funded status and funding progress were as follows:

Funded ratio	13.02%
Actuarial accrued liability for benefits	\$ 12,862,000
Actuarial value of assets	\$ 1,675,000
Unfunded actuarial accrued liability (UAAL)	\$ 11,187,000
Covered payroll	N/A
UAAL to covered payroll	N/A

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

Actuarial methods and assumptions:

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

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

- Measurement date – July 1, 2008
- Funding method – Projected Unit Credit Cost Method

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

10. Postemployment benefits (continued):

Actuarial methods and assumptions (continued):

- Investment rate of return – 7.50%
- Discount rate – 7.50%, reflecting an established OPEB trust
- Participation – All eligible retirees are assumed to elect medical and dental coverage
- Health Care Cost Trend Rates – Medical 6.80% per year, decreasing to an ultimate rate of 4.0% per year over 49 years

*Component Unit:*

As of December 31, 1994, the District will pay 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, 2009, 269 retirees received benefits under this plan.

The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the plan for the year ended June 30, 2009 and the District's net OPEB obligation to the plan as of June 30, 2009.

Annual OPEB Cost	
Normal cost	\$ 635,391
Amortization of UAAL	2,965,296
Interest	180,034
Annual required contribution	3,780,721
Contributions made during the year	2,410,915
Increase in net OPEB obligation	1,369,806
Net OPEB obligation at beginning of year	1,374,945
Net OPEB obligation at end of year	\$ 2,744,751

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

10. Postemployment benefits (continued):

*Component Unit (continued):*

District contributions to the plan for the year ended June 30, 2009 represented 63.8% of annual OPEB cost.

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

11. Pension plans:

All eligible employees of the Town are covered by one of two pension plans: the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), or the Town of Bristol, Rhode Island Police Retirement Plan (Police Plan). The Police Plan covers full-time employees of the Police Department hired prior to March 22, 1998. The Municipal Plan covers all other eligible employees. Total covered payroll under all plans during 2009 was \$6,517,107. Total Town payroll was \$8,660,580 for the same period.

Municipal Plan

Plan description:

The Municipal Plan is an agent multiple employer public employee retirement system administered by the State of Rhode Island. Financial statements for the Municipal Plan are issued separately and may be obtained from the Employees' Retirement System, 40 Fountain Street, Providence, RI 02903. For fiscal year 2009, payroll for Town employees covered under the Municipal Plan totaled \$6,038,398.

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 for municipal employees, and 2.5% of final average salary for each year of service for fire and police, with a maximum benefit of 75% of final average salary. 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 the Town's optional benefit provision.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Municipal Plan (continued):

Plan description (continued):

The Municipal Plan also provides pre-retirement benefits under the Retirement Formula for non-occupational disabilities after five years of service, and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre- and post-retirement death benefits with minimum amounts established under varying circumstances.

As of June 30, 2009, 132 active employees (30 police and 1 firefighter) were participants in the Municipal Plan.

Funding policy:

Rhode Island general laws set contributions of participating employees at 6% (8% for police) of salary. An additional 1% of salary is assessed to participating 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 July 1, 1988 over a closed period of 25 years (or over 25 years from date joined if after July 1, 1988). Normal cost is determined using the entry age normal cost 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.

	2009	2008	2007
Annual pension costs	\$ 1,266,450	\$ 1,018,818	\$ 926,213
Actual contributions:			
Employee	811,993	421,132	409,174
Employer	454,457	597,686	517,039
Percentage of annual pension costs contributed	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Municipal Plan (continued):

Funded status and funding progress:

As of June 30, 2008, 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
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Funded ratio	76.3%	120.5%	163.5%
Actuarial accrued liability for benefits	\$ 19,515,448	\$ 2,017,048	\$ 166,910
Actuarial value of assets	\$ 14,897,937	\$ 2,429,990	\$ 272,839
Unfunded actuarial accrued liability (UAAL)	\$ 4,617,511	\$ (412,942)	\$ (105,929)
Covered payroll	\$ 4,135,097	\$ 1,377,308	\$ 44,477
UAAL to covered payroll	<u>111.7%</u>	<u>(30.0%)</u>	<u>(238.2%)</u>

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multilayer 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 actuarial cost method to determine both the actuarial accrued liabilities and annual required contributions of each participating employer 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, 2008 valuation are summarized as follows:

Asset appreciation:	8.25% annually
Salary increases:	4.25% annually
Cost-of-living adjustments:	4.25%, not compounded

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

Retirement probability:

100% at age 70 or upon eligibility (100% at age 60 or upon eligibility - police)

Mortality:

Healthy members – 1994 Group Annuity Mortality Tables

Disabled members – PBGC Table set to age 65 (55 for police and fire employees)

Disability:

Probabilities per 1,000 ranging from .09% at age 25 to 9.87% at age 60 (.43% at age 25 to 3.03% 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, 2009 was \$478,709.

As of July 1, 2008, the date of the latest actuarial valuation, employee membership data related to the Police Plan is as follows:

Active participants	8
Retirees and beneficiaries	<u>46</u>
Total	<u><u>54</u></u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Police Plan (continued):

Benefit provisions:

All full-time employees of the Police Department hired prior to March 22, 1998 are eligible to participate in the Police Plan. The Police Plan provides retirement benefits as well as death and disability benefits. Participants in the Police Plan are eligible for retirement at the completion of 20 or more years of service. The normal retirement benefit is 60% of average monthly salary for the two consecutive years which results in the highest salary, and 1% of average monthly salary for each completed year of service in excess of 20 years to the maximum of 10 additional years. Average monthly salary is base pay plus longevity and holiday pay. The retirement benefit for late retirement is the same as above, except that salary and years of service are recognized to late retirement date (maximum of 30 years).

Participants are eligible for disability benefits after 10 years of service or immediately if the disability results from performance of duties. The benefit is 72% of average monthly salary and will be adjusted annually on July 1 each year by a 3% cost-of-living adjustment. Upon reaching normal retirement date, the disability benefit will stop and the retirement benefit based on the accrued benefit at the time of disability will begin.

Eligibility for preretirement survivor's benefits is death as a result of performance of duties or completion of at least 5 years of service. The spouse is entitled to 67.5% of the accrued benefit; children are entitled to 22.5% until the earliest of the child's 22nd birthday, unless disabled, or marriage of child. If the spouse is more than three years younger than the participant, the survivor's benefit is reduced to the actuarial equivalent of a survivor's benefit where the spouse is precisely three years younger. A maximum of three children is eligible to receive benefits for each death claim.

Eligibility for post-retirement survivor's benefits is if death occurs after retirement. The spouse is entitled to 67.5% of the normal retirement benefit; children are entitled to 22.5% (i.e., one-third of 67.5%) until the earliest of the child's 22nd birthday, discontinuance of school attendance, unless disabled, or marriage. If spouse is more than three years younger than participant, then survivor's benefit is reduced to the actuarial equivalent of a survivor's benefit where spouse is precisely three years younger. A maximum of three children 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 10 years of service. The benefit is the greater of the participant's accumulations or two weeks pay for each year of service.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Police Plan (continued):

Benefit provisions (continued):

Participants are eligible for vested severance benefits after 10 years of service. The benefit is the greater of the normal retirement benefit reduced by the ratio of actual years of service at date of termination over total years of service the participant would have worked had they continued working to their normal retirement date, or the greater of three weeks pay for each year of service or the total of their contributions to the fund with interest at 3%.

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

Contributions:

Active participants in the Police Plan are required to contribute 13% of compensation, with adjustments based on funding requirements, and the Town is required to contribute 67.5% of covered payroll with adjustments based on funding requirements (78.2% for the year ended June 30, 2009). 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, 2007 actuarial valuation using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 20-year period. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2007 was 15 years. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The actuarial assumptions included (a) 8% interest compounded annually and (b) projected salary increases of 5% 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, 2008.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Police Plan (continued):

Annual pension costs and net benefit obligation:

The actuarially determined employer contribution requirement of \$640,220 was determined as described above and was based on an actuarial valuation as of July 1, 2007. The contribution consists of normal cost plus past service costs and one year of interest at 8.0%. Total contributions to the Police Pension Plan in fiscal 2009 amounted to \$702,452, of which \$640,220 and \$62,232 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 132% and 13%, respectively, of covered payroll for the year.

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Normal cost	\$ 127,328	\$ 144,865	\$ 139,870
Amortization of UAAL	465,468	429,397	360,611
Interest	<u>47,424</u>	<u>45,436</u>	<u>40,367</u>
Annual pension cost	640,220	619,698	540,848
Actual contributions	<u>(640,220)</u>	<u>(789,598)</u>	<u>(634,905)</u>
Increase (decrease) in net pension obligation	- 0 -	(169,900)	(94,057)
Net pension obligation, beginning of year	<u>18,426</u>	<u>188,326</u>	<u>282,383</u>
Net pension obligation, end of year	<u>\$ 18,426</u>	<u>\$ 18,426</u>	<u>\$ 188,326</u>
% of annual pension costs contributed	<u>100%</u>	<u>127%</u>	<u>117%</u>

Funded status and funding progress:

As of July 1, 2008, the Police Plan was 64.19% funded. The actuarial accrued liability for benefits was \$20,456,564 and the actuarial value of assets was \$13,130,907, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,325,657. The covered payroll (annual payroll of active participants) was \$485,611 and the ratio of the UAAL to the covered payroll was 1,508.54%. At June 30, 2009, the value of the Plan's assets was \$10,258,112.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Pension plans (continued):

Police Plan (continued):

Funded status and funding progress (continued):

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

12. Risk management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of \$3,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2009.

13. Commitments and contingencies:

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

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

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

13. Commitments and contingencies (continued):

The Town is committed under construction contracts at June 30, 2009 as follows:

<u>Project</u>	<u>Contract</u>	<u>Spent to date</u>	<u>Remaining commitment</u>
Phase 1 Cleaning and CCTV Inspection of Gravity Sewer	\$ 65,410		\$ 65,410
Fire Rescue Station Construction	5,514,596	\$ 1,970,656	3,543,940
Fire Rescue Station Architects – Phase 2 Construction Administration	158,509	110,956	47,553
Community Center Armory Mason Repairs	98,325	67,708	30,617
Thomas Park Landscaping and Masonry	<u>141,332</u>	<u>90,222</u>	<u>51,110</u>
	<u>\$ 5,978,172</u>	<u>\$ 2,239,542</u>	<u>\$ 3,738,630</u>

14. Joint venture:

The Town participates in a joint venture entitled The Governmental Health Group of Rhode Island, Inc. (the Group). The Group is a not-for-profit organization formed to provide programs of health insurance coverage to Rhode Island cities, towns and other governmental units. The Group is governed by a Board of Directors (Board).

Upon joining the Group, members execute a member agreement. That document, pursuant to which the Group was established and operates, outlines the rights and responsibilities of both the members and the Group. Members of the Group participate in the Group's health insurance plan administered through Blue Cross Blue Shield of Rhode Island (BCBSRI).

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

14. Joint venture (continued):

Using the rate calculations prepared by BCBSRI, the Group sets annual contribution rates for the subscribers of each member for each program offered. The Group agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Group. The contributions of each member are deposited in the General Fund, and are used to pay for claims, reinsurance and all administrative expenses. The Group agreement provides for an annual independent audit of its financial statements.

A member's share of surplus or deficit is equal to the ratio of the member's subscribers (employees and retirees) participating in the Group's plan for each month of the one-year period immediately prior to the member's effective date of termination, divided by the sum of all subscribers in the Group for the same period.

The Group agreement provides the Group's Board a discretionary, fully allocable assessment feature with respect to specified circumstances.

After it has been a member of the Group for an initial three-year period, a member may withdraw from the Group by providing the Group's Board with 90 days notice; liquidated damages would also be assessed at that time. The Group may terminate a member's coverage for failure to pay amounts due.

For the year ended June 30, 2009, the Group generated \$89,147,448 in revenues and excess of expenses over revenues of \$289,538. The Group had \$13,869,273 in total assets and \$8,138,099 in total equity as of June 30, 2009.

The Group retains certain levels of insurance risk and acquires reinsurance for specific losses in excess of \$450,000. As of June 30, 2009, the Group's membership consisted of 25 cities, towns or other governmental units.

Separate financial statements are available at Governmental Health Group of Rhode Island, Inc., c/o RI Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

15. Prior period adjustments:

Net assets at June 30, 2008 have been restated to report the value of previously unreported infrastructure assets, as well as to correct errors in various other account balances. The effects of these adjustments on the changes in net assets for the year ended June 30, 2008 have not been determined. The details of the prior period adjustments and impact on net assets are as follows:

Statement of net assets – governmental activities:	
Net assets at June 30, 2008, as originally stated	\$ 28,018,548
Property tax receivables abated in prior years	(1,344,986)
Deferred charges, net of amortization	60,426
Capital assets, including infrastructure assets	8,322,264
Bond and note deferred amounts	14,317
Notes payable misclassified	<u>923,320</u>
Net assets at June 30, 2008, as restated	<u><u>\$ 35,993,889</u></u>
Statement of net assets – business-type activities:	
Net assets at June 30, 2008, as originally stated	\$ 21,454,892
Sewer usage and assessment receivables abated in prior years	(54,593)
Capital assets	667,885
Accounts payable not reversed from 2007	36,565
Deferred revenue written off	544,556
Notes payable misclassified	<u>(923,320)</u>
Net assets at June 30, 2008, as restated	<u><u>\$ 21,725,985</u></u>
Statement of revenues, expenditures and changes in fund balances –	
General Fund:	
Fund balance, as originally stated	\$ 8,838,264
Deferred revenue understated due to error in sixty day collections	<u>(375,727)</u>
Fund balance at June 30, 2008, as restated	<u><u>\$ 8,462,537</u></u>

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2009

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>					
Property taxes	\$ 32,145,827	\$ 15,675	\$ 32,161,502	\$ 33,513,469	\$ 1,351,967
Intergovernmental	3,590,698	(45,245)	3,545,453	3,157,712	(387,741)
Licenses, permits and fees	2,531,100		2,531,100	2,222,065	(309,035)
Investment earnings	-		-	426,843	426,843
Other revenues	539,268	(15,675)	523,593	982,782	459,189
<b>Total revenues</b>	<b>38,806,893</b>	<b>(45,245)</b>	<b>38,761,648</b>	<b>40,302,871</b>	<b>1,541,223</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,446,546	(1,520)	1,445,026	1,786,490	(341,464)
Public safety	4,482,841	48,296	4,531,137	4,182,209	348,928
Public works	4,414,643	53,429	4,468,072	4,216,453	251,619
Community services	1,171,571	3,239	1,174,810	1,228,034	(53,224)
Education	19,342,364		19,342,364	19,342,364	-
Payroll taxes and benefits	5,005,950	(93,113)	4,912,837	4,343,010	569,827
<b>Debt service:</b>					
Principal	1,547,141		1,547,141	1,547,141	-
Interest	955,987	(43,151)	912,836	693,328	219,508
Bond issuance costs	55,000		55,000	84,223	(29,223)
Capital outlay	1,061,350	8,190,867	9,252,217	6,606,421	2,645,796
<b>Total expenditures</b>	<b>39,483,393</b>	<b>8,158,047</b>	<b>47,641,440</b>	<b>44,029,673</b>	<b>3,611,767</b>
Excess of expenditures over revenues, budgetary basis	(676,500)	(8,203,292)	(8,879,792)	(3,726,802)	5,152,990
<b>Other financing sources (uses):</b>					
<b>Reappropriated fund balances:</b>					
Restricted , bond proceeds		1,049,034	1,049,034	1,049,034	-
Unrestricted	550,000	2,879,258	3,429,258	3,429,258	-
Bonds issued		4,275,000	4,275,000	12,210,000	(7,935,000)
Bond premium				2,586	(2,586)
Transfers from other funds	154,000		154,000	481,344	(327,344)
Transfers to other funds	(27,500)		(27,500)	(659,689)	632,189
<b>Total other financing sources (uses)</b>	<b>676,500</b>	<b>8,203,292</b>	<b>8,879,792</b>	<b>16,512,533</b>	<b>(7,632,741)</b>
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ -	\$ -	\$ -	12,785,731	\$ 12,785,731
Adjustments of budgetary basis to U.S. GAAP basis				(4,478,292)	
Excess of revenues and other financing sources over expenditures and other financing uses, U.S. GAAP basis				8,307,439	
Net assets, beginning of year, as restated				8,462,537	
Net assets, end of year				\$ 16,769,976	

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON

YEAR ENDED JUNE 30, 2009

Budget preparation and budgetary basis of accounting:

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund. The General Fund is subject to an annual operating budget legally adopted by the Town Council. The annual operating budget's appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund operating budget is in conformance with the legally enacted budgetary basis, which is not in conformance 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	\$ (1,049,034)
Unrestricted	<u>(3,429,258)</u>
Total adjustments	<u>\$ (4,478,292)</u>

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	\$ 13,396
Town Clerk	9,056
Town Solicitor	21,324
Finance Department	33,686
Town Hall Complex	725
Welfare	3,429
Rogers Free Library	34,970
Recreation	342
Municipal Observances	20,552

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2009

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
<i>Municipal Employees Retirement System, General Employees</i>						
June 30, 2006	\$ 12,461,561	\$ 17,658,330	\$ 5,196,769	70.57%	\$ 4,042,041	128.57%
June 30, 2007	13,748,288	18,198,588	4,450,300	75.55%	3,923,147	113.44%
June 30, 2008	14,897,937	19,515,448	4,617,511	76.34%	4,135,097	111.67%
<i>Municipal Employees Retirement System, Fire</i>						
June 30, 2006	\$ 240,036	\$ 157,080	\$ (82,956)	152.81%	\$ 44,969	-184.47%
June 30, 2007	256,093	158,231	(97,862)	161.85%	43,099	-227.06%
June 30, 2008	272,839	166,910	(105,929)	163.46%	44,477	-238.17%
<i>Municipal Employees Retirement System, Police</i>						
June 30, 2006	\$ 1,456,898	\$ 1,343,951	\$ (112,947)	108.40%	\$ 1,208,955	-9.34%
June 30, 2007	1,932,568	1,622,068	(310,500)	119.14%	1,324,382	-23.44%
June 30, 2008	2,429,990	2,017,048	(412,942)	120.47%	1,377,308	-29.98%
<i>Police Plan</i>						
July 1, 2003	\$ 12,495,234	\$ 14,319,683	\$ 1,824,449	87.26%	\$ 1,018,009	179.22%
July 1, 2004	12,132,515	15,799,856	3,667,341	76.79%	820,436	447.00%
July 1, 2005	11,716,695	16,656,846	4,940,151	70.34%	902,186	547.58%
July 1, 2006	11,575,785	17,184,668	5,608,883	67.36%	918,225	610.84%
July 1, 2007	12,316,696	18,091,700	5,775,004	68.08%	818,845	705.26%
July 1, 2008	13,130,907	20,456,564	7,325,657	64.19%	485,611	1508.54%
<i>OPEB Plan</i>						
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

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30, 2009

*Police Plan*

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 640,220	100.0%
2008	619,698	112.2%
2007	540,846	117.3%
2006	438,356	52.6%
2005	255,088	77.4%
2004	168,914	100.0%

*OPEB Plan*

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 844,000	105%
2008	2,000,000	116%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

The information presented in the required supplementary schedule was determined as part of the annual actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation (1) follows:

*POLICE PLAN*

Valuation date	July 1, 2008
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	The unfunded accrued liability is being amortized over 20 years beginning with the July 1, 2002 actuarial valuation.
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	8.0% per annum
Projected salary increases	5.0% per annum
Cost-of-living adjustments	3.0% per annum

*OPEB PLAN*

Valuation date	July 1, 2008
Actuarial cost method	Projected Unit Credit Cost Method
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return and discount rate	7.50% 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

(1) There have been no changes in the above actuarial assumptions or methods from the July 1, 2007 actuarial valuation.

TOWN OF BRISTOL, RHODE ISLAND  
TAX COLLECTOR'S ANNUAL REPORT  
YEAR ENDED JUNE 30, 2009

Real estate and personal property taxes receivable:

Year	Balance, July 1, 2008 (Restated)	Current year assessment	Adjustments/ abatements	Amount to be collected	Collections	Balance, June 30, 2009
2009		\$ 33,436,179	\$ (50,793)	\$ 33,385,386	\$ 32,393,804	\$ 991,582
2008	\$ 1,125,665		19,488	1,145,153	1,027,379	117,774
2007	132,416		(216)	132,200	84,410	47,790
2006	43,500		(3,714)	39,786	7,707	32,079
2005	34,781		338	35,119	885	34,234
2004	41,566		(4,601)	36,965	872	36,093
2003	34,046			34,046	815	33,231
2002	40,862		(889)	39,973	1,011	38,962
2001	39,819		(4,077)	35,742	4,436	31,306
2000	108,040		(60,936)	47,104	6,375	40,729
	<u>\$ 1,600,695</u>	<u>\$ 33,436,179</u>	<u>\$ (105,400)</u>	<u>\$ 34,931,474</u>	<u>\$ 33,527,694</u>	1,403,780
					Less allowance for doubtful accounts	<u>343,711</u>
						<u>\$ 1,060,069</u>

TOWN OF BRISTOL, RHODE ISLAND  
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2009

Schedule of most recent net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 3,119,027,146	\$ 32,281,931
Motor vehicles	175,853,861	3,051,064
Tangible personal	<u>43,206,750</u>	<u>447,190</u>
Total	3,338,087,757	35,780,185
Exemptions	<u>132,469,999</u>	<u>2,353,444</u>
Current year assessment	<u><u>\$ 3,205,617,758</u></u>	<u><u>\$ 33,426,741</u></u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 33,527,694
Revenue collected within 60 days subsequent to year ended June 30, 2009	<u>340,959</u>
	33,868,653
Prior year revenue received in current year	<u>(361,016)</u>
Current year real estate and personal property tax revenue	<u><u>\$ 33,507,637</u></u>