

**TOWN OF BRISTOL, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2014**

TOWN OF BRISTOL, VERMONT  
AUDIT REPORT  
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**Independent Auditor's Report**

Selectboard  
Town of Bristol  
P.O. Box 249  
Bristol, Vermont 05443

***Report on the Financial Statements***

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, Vermont as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Bristol, Vermont's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Bristol, Vermont's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bristol, Vermont's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Vermont as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Police Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by "Government Auditing Standards"***

In accordance with "Government Auditing Standards", we have also issued our report dated January 30, 2015 on our consideration of the Town of Bristol, Vermont'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" in considering the Town of Bristol, Vermont's internal control over financial reporting and compliance.

January 30, 2015  
Montpelier, Vermont  
VT Lic. #92-000180

*Sullivan, Powers & Company*

## **Management's Discussion and Analysis**

As management of the Town of Bristol, Vermont, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year end June 30, 2014. We encourage readers to consider the information presented here in conjunction with the audited report.

### **Financial Highlights**

The Town of Bristol continues to operate with a positive General Fund fund balance of \$154,952 as of June 30, 2014. The Revolving Loan Fund continues to operate with a positive fund balance of \$170,648. That fund also increased their loans receivable by \$308,149, putting money back into the community. The Police fund operates with a positive fund balance of \$44,256.

### **Government-wide Highlights**

The Town's assets exceeded its liabilities at June 30, 2014 by \$4,471,956 compared to \$4,303,167 at June 30, 2013. Of this amount, \$4,004,641 represents governmental activities and \$467,315 represents our water, sewer and landfill funds (enterprise funds). Of these amounts, \$723,894 of governmental funds is unrestricted net position and may be used to meet future obligations of the Town.

### **Fund Highlights**

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,051,149 a decrease of \$294,186 over the prior year. Of the total fund balance \$819,611 represents amounts restricted, committed or assigned to specific purposes, such as, but not limited to, the Revolving Loan fund, Police Fund, Capital Funds and grant expenditures.

### **Long-term Debt**

The Town's total debt decreased \$79,442 during the fiscal year and had a total ending balance of \$2,400,206. During FY 2014 the Town extended the line of credit with People's United Bank, for the Town's portion of the design and construction costs to South Street Bridge. This line of credit will eventually be refinanced into a bond. See pages 42 - 45 for more information regarding the Town's long-term liabilities.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction of the Town of Bristol's financial statement which is comprised of three components: 1) government-wide financial statements, 2) fund-financial statements and 3) notes to the financial statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Bristol's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the Town of Bristol's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event 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 leave). Both the statement of net position and the statement of activities distinguish functions of the Town of Bristol that are principally supported by taxes and governmental activities that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Bristol include general government, public safety, public works, recreation and parks. The business-type activities of the Town of Bristol include the Water Department, Sewer Department and Landfill. The government-wide financial statements may be found on pages 8 and 9, also listed as exhibits A & B.

### Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
<b>Assets:</b>						
Current and Other Assets	\$ 1,688,770	\$ 1,785,817	\$ 721,555	\$ 728,326	\$ 2,410,325	\$ 2,514,143
Capital Assets	<u>3,785,647</u>	<u>3,611,578</u>	<u>1,776,788</u>	<u>1,842,527</u>	<u>5,562,435</u>	<u>5,454,105</u>
Total Assets	<u>5,474,417</u>	<u>5,397,395</u>	<u>2,498,343</u>	<u>2,570,853</u>	<u>7,972,760</u>	<u>7,968,248</u>
<b>Liabilities:</b>						
Current Liabilities	43,764	188,842	8,718	6,934	52,482	195,776
Long-Term Liabilities	<u>1,413,646</u>	<u>1,438,914</u>	<u>2,022,310</u>	<u>2,027,013</u>	<u>3,435,956</u>	<u>3,465,927</u>
Total Liabilities	<u>1,457,410</u>	<u>1,627,756</u>	<u>2,031,028</u>	<u>2,033,947</u>	<u>3,488,438</u>	<u>3,661,703</u>
Deferred Inflows of Resources	<u>12,366</u>	<u>3,378</u>	<u>0</u>	<u>0</u>	<u>12,366</u>	<u>3,378</u>
<b>Net Position:</b>						
Net Investment in						
Capital Assets	2,447,132	2,214,094	751,561	760,363	3,198,693	2,974,457
Restricted	833,615	871,520	0	0	833,615	871,520
Unrestricted/(Deficit)	<u>723,894</u>	<u>680,647</u>	<u>(284,246)</u>	<u>(223,457)</u>	<u>439,648</u>	<u>457,190</u>
Total Net Position	<u>\$ 4,004,641</u>	<u>\$ 3,766,261</u>	<u>\$ 467,315</u>	<u>\$ 536,906</u>	<u>\$ 4,471,956</u>	<u>\$ 4,303,167</u>

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
<b>REVENUES</b>						
Charges for Service	\$ 245,796	\$ 212,026	\$ 399,413	\$ 396,522	\$ 645,209	\$ 608,548
Operating Grants and Contributions	131,682	210,247	0	0	131,682	210,247
Capital Grants and Contributions	83,169	30,893	0	0	83,169	30,893
Property Taxes	2,066,773	2,016,795	0	0	2,066,773	2,016,795
Penalty and Interest on Delinquent Taxes	21,473	36,327	0	0	21,473	36,327
Payment in Lieu of Taxes	899	899	0	0	899	899
General State Grants	462,810	188,363	0	0	462,810	188,363
Unrestricted Investment Earnings	2,083	2,491	1,996	4,144	4,079	6,635
Insurance Proceeds	8,095	14,606	0	0	8,095	14,606
Other Revenues	3,792	15,495	10,788	4,362	14,580	19,857
Gain on Sale of Capital Assets	45,838	0	0	0	45,838	0
Total Revenues	3,072,410	2,728,142	412,197	405,028	3,484,607	3,133,170
<b>EXPENDITURES</b>						
General Government	1,065,957	739,747	0	0	1,065,957	739,747
Public Safety	586,928	581,996	0	0	586,928	581,996
Public Works	839,840	759,210	0	0	839,840	759,210
Community Development	56,241	88,297	0	0	56,241	88,297
Culture and Recreation	249,740	266,911	0	0	249,740	266,911
Interest on Long-Term Debt	35,324	39,705	0	0	35,324	39,705
Water	0	0	272,089	239,626	272,089	239,626
Sewer	0	0	43,733	42,934	43,733	42,934
Landfill	0	0	165,966	387,847	165,966	387,847
Total Expenditures	2,834,030	2,475,866	481,788	670,407	3,315,818	3,146,273
Changes in Net Position	238,380	252,276	(69,591)	(265,379)	168,789	(13,103)
Net Position - Beginning of Year	3,766,261	3,513,985	536,906	802,285	4,303,167	4,316,270
Net Position - End of Year	\$ 4,004,641	\$ 3,766,261	\$ 467,315	\$ 536,906	\$ 4,471,956	\$ 4,303,167

### **Fund Financial Statements**

The fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities and objectives. The Town of Bristol, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, as determined by the Governmental Accounting Standards Board (GASB). All of the funds of the Town of Bristol can be divided into two categories: governmental funds and proprietary funds.



## **Governmental Funds**

The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

The Town reports 47 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Police Fund, Capital Funds and Revolving Loan Fund, which are all considered major funds. Data from the other 41 governmental funds are combined into a single column on the fund statements. Individual fund data for these non-major governmental funds is provided on pages 47 to 49.

## **Proprietary Funds**

The Town maintains one type of proprietary fund and that is an enterprise fund. Enterprise funds are used to report business-type activities in the government-wide financial statements. The Town of Bristol uses Enterprise funds to account for its Water Fund, Sewer Fund and Landfill Fund. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The Proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund and Landfill Fund, each of which are considered to be major funds of the Town of Bristol.

## **FINANCIAL ANALYSIS**

### **Governmental Activities**

Governmental activities increased the Town of Bristol's total assets by \$238,380 during the 2014 fiscal year.

### **Governmental Funds**

As noted earlier, the Town of Bristol uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements such as GASB standards.

### **Proprietary Funds**

The Town of Bristol's proprietary funds provide the same type of information found in the government-wide financial statements. The net position of the Water Fund and Sewer Fund is \$487,635 and \$274,493, respectively, and there is a deficit of \$294,813 in the Landfill fund. In the fiscal year 2014, operating expenses for the Water Fund increased by \$33,374, and operating expenses in the Sewer Fund increased by \$1,440. The Water Fund purchased \$8,186 in capital assets. The estimated cost of closure and post closure as of June 30, 2014 is \$1,424,000, while the Town's estimated liability for current costs of closure and post closure is \$996,617. The Landfill's estimated closure and post closure costs are explained on page 41.

### **Contacting the Town Finance Department**

This financial report is designed to provide a general overview of the Town finances and demonstrate the Town's commitment to public accountability. If you have questions about this report, or would like to request additional information, contact the Town Treasurer's Office at P.O. Box 249, Bristol, Vt. 05443.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 841,971	\$ 185,329	\$ 1,027,300
Investments	136,938	406,792	543,730
Receivables	134,338	54,916	189,254
Loans Receivable	508,803	0	508,803
Deposit	113,000	0	113,000
Prepaid Expenses	26,713	1,525	28,238
Internal Balances	(72,993)	72,993	0
Capital Assets			
Land	93,400	0	93,400
Construction in Progress	73,372	0	73,372
Other Capital Assets (Net of Accumulated Depreciation)	3,618,875	1,776,788	5,395,663
Total Assets	5,474,417	2,498,343	7,972,760
<u>LIABILITIES</u>			
Accounts Payable	39,635	0	39,635
Accrued Interest Payable	4,129	6,568	10,697
Unearned Revenue	0	2,150	2,150
Noncurrent Liabilities:			
Due within One Year	101,449	56,983	158,432
Due in More than One Year	1,312,197	1,965,327	3,277,524
Total Liabilities	1,457,410	2,031,028	3,488,438
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	12,366	0	12,366
Total Deferred Inflows of Resources	12,366	0	12,366
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,447,132	751,561	3,198,693
Restricted	833,615	0	833,615
Unrestricted/(Deficit)	723,894	(284,246)	439,648
Total Net Position	\$ 4,004,641	\$ 467,315	\$ 4,471,956

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental Activities:							
General Government	\$ 1,065,957	\$ 70,942	\$ 13,400	\$ 35,228	\$ (946,387)	\$ 0	\$ (946,387)
Public Safety	586,928	25,981	1,056	12,576	(547,315)	0	(547,315)
Public Works	839,840	400	114,726	35,365	(689,349)	0	(689,349)
Community Development	56,241	65,147	0	0	8,906	0	8,906
Culture and Recreation	249,740	83,326	2,500	0	(163,914)	0	(163,914)
Interest on Long-Term Debt	35,324	0	0	0	(35,324)	0	(35,324)
Total Governmental Activities	2,834,030	245,796	131,682	83,169	(2,373,383)	0	(2,373,383)
Business-Type Activities:							
Water	272,089	237,579	0	0	0	(34,510)	(34,510)
Sewer	43,733	35,382	0	0	0	(8,351)	(8,351)
Landfill	165,966	126,452	0	0	0	(39,514)	(39,514)
Total Business-Type Activities	481,788	399,413	0	0	0	(82,375)	(82,375)
Total	\$ 3,315,818	\$ 645,209	\$ 131,682	\$ 83,169	(2,373,383)	(82,375)	(2,455,758)
General Revenues:							
Property Taxes					2,066,773	0	2,066,773
Interest and Penalties on Delinquent Taxes					21,473	0	21,473
Payment in Lieu of Taxes					899	0	899
General State Grants					462,810	0	462,810
Unrestricted Investment Earnings					2,083	1,996	4,079
Insurance Proceeds					8,095	0	8,095
Other Revenues					3,792	10,788	14,580
Gain on Sale of Vehicles					45,838	0	45,838
Total General Revenues					2,611,763	12,784	2,624,547
Change in Net Position					238,380	(69,591)	168,789
Net Position - July 1, 2013					3,766,261	536,906	4,303,167
Net Position - June 30, 2014					\$ 4,004,641	\$ 467,315	\$ 4,471,956

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>								
Cash	\$ 15,738	\$ 39,852	\$ 0	\$ 256,383	\$ 74,607	\$ 167,699	\$ 287,692	\$ 841,971
Investments	0	119,238	0	0	0	0	17,700	136,938
Receivables	83,026	0	5,839	0	0	0	45,473	134,338
Loans Receivable	0	508,803	0	0	0	0	0	508,803
Due from Other Funds	139,405	0	38,417	0	10,112	0	0	187,934
Deposit	0	0	0	113,000	0	0	0	113,000
Prepaid Expenses	26,713	0	0	0	0	0	0	26,713
Total Assets	\$ 264,882	\$ 667,893	\$ 44,256	\$ 369,383	\$ 84,719	\$ 167,699	\$ 350,865	\$ 1,949,697
<u>LIABILITIES</u>								
Liabilities:								
Accounts Payable	\$ 36,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,612	\$ 39,635
Due to Other Funds	0	0	0	139,636	0	20,022	101,269	260,927
Total Liabilities	36,023	0	0	139,636	0	20,022	104,881	300,562
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Property Taxes, Penalty and Interest	61,541	0	0	0	0	0	0	61,541
Unavailable Loan Revenue	0	497,245	0	0	0	0	0	497,245
Unavailable Grant Revenue	0	0	0	0	0	0	26,834	26,834
Property Tax Overpayments/Prepayments	12,366	0	0	0	0	0	0	12,366
Total Deferred Inflows of Resources	73,907	497,245	0	0	0	0	26,834	597,986
<u>FUND BALANCES</u>								
Fund Balances/(Deficit):								
Nonspendable	26,713	0	0	113,000	0	0	17,700	157,413
Restricted	0	170,648	44,256	0	0	0	76,932	291,836
Assigned	0	0	0	116,747	84,719	147,677	178,632	527,775
Unassigned	128,239	0	0	0	0	0	(54,114)	74,125
Total Fund Balances	154,952	170,648	44,256	229,747	84,719	147,677	219,150	1,051,149
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 264,882	\$ 667,893	\$ 44,256	\$ 369,383	\$ 84,719	\$ 167,699	\$ 350,865	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:								
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.								3,785,647
Other Assets are not Available to Pay for Current Period Expenditures, and, Therefore, are Deferred in the Funds.								585,620
Long-Term and Accrued Liabilities, Including Bonds Payable, are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.								(1,417,775)
Net Position of Governmental Activities								\$ 4,004,641

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>								
Property Taxes	\$ 1,728,132	\$ 0	\$ 323,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,051,232
Penalties and Interest	21,473	0	0	0	0	0	0	21,473
Licenses, Fees and Fines	55,457	0	5,207	0	0	0	1,063	61,727
Intergovernmental Revenues	122,558	0	1,056	0	0	0	429,247	552,861
Contributions and Donations	0	0	0	917	0	0	34,310	35,227
Charges for Services	165,340	0	20,774	0	0	0	4,926	191,040
Investment Income	1,082	0	0	228	94	241	439	2,084
Loan Interest Income	0	9,402	0	0	0	0	0	9,402
Loan Repayments	0	56,851	0	0	0	0	0	56,851
Recycling Revenues	12,259	0	0	0	0	0	0	12,259
Other Revenues	661	2,410	430	63	0	0	228	3,792
<b>Total Revenues</b>	<b>2,106,962</b>	<b>68,663</b>	<b>350,567</b>	<b>1,208</b>	<b>94</b>	<b>241</b>	<b>470,213</b>	<b>2,997,948</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General Government	632,354	0	0	0	16,623	0	390,051	1,039,028
Public Safety	178,608	0	348,473	0	0	0	12,808	539,889
Public Works	588,599	0	0	61,304	0	33,306	40,137	723,346
Culture & Recreation	236,327	0	0	0	0	0	7,868	244,195
Community Development	0	361,592	0	0	0	0	0	361,592
<b>Capital Outlay:</b>								
General Government	497	0	0	0	5,333	0	110,233	116,063
Public Safety	0	0	0	0	0	0	8,610	8,610
Public Works	147,099	0	0	30,700	0	33,896	35,365	247,060
<b>Debt Service:</b>								
Principal	93,969	0	0	0	0	0	0	93,969
Interest	35,684	0	0	0	0	0	0	35,684
<b>Total Expenditures</b>	<b>1,913,137</b>	<b>361,592</b>	<b>348,473</b>	<b>92,004</b>	<b>21,956</b>	<b>67,202</b>	<b>605,072</b>	<b>3,409,436</b>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>193,825</b>	<b>(292,929)</b>	<b>2,094</b>	<b>(90,796)</b>	<b>(21,862)</b>	<b>(66,961)</b>	<b>(134,859)</b>	<b>(411,488)</b>
<b>Other Financing Sources/(Uses):</b>								
Proceeds from Sale of Vehicles	0	0	0	45,838	0	0	0	45,838
Proceeds from Long Term Debt	0	0	0	0	0	0	71,464	71,464
Transfers In	4	0	0	104,500	40,000	40,000	22,700	207,204
Transfers Out	(197,700)	0	(9,500)	0	0	0	(4)	(207,204)
<b>Total Other Financing Sources/(Uses)</b>	<b>(197,696)</b>	<b>0</b>	<b>(9,500)</b>	<b>150,338</b>	<b>40,000</b>	<b>40,000</b>	<b>94,160</b>	<b>117,302</b>
<b>Net Change in Fund Balances</b>	<b>(3,871)</b>	<b>(292,929)</b>	<b>(7,406)</b>	<b>59,542</b>	<b>18,138</b>	<b>(26,961)</b>	<b>(40,699)</b>	<b>(294,186)</b>
<b>Fund Balances - July 1, 2013</b>	<b>158,823</b>	<b>463,577</b>	<b>51,662</b>	<b>170,205</b>	<b>66,581</b>	<b>174,638</b>	<b>259,849</b>	<b>1,345,335</b>
<b>Fund Balances - June 30, 2014</b>	<b>\$ 154,952</b>	<b>\$ 170,648</b>	<b>\$ 44,256</b>	<b>\$ 229,747</b>	<b>\$ 84,719</b>	<b>\$ 147,677</b>	<b>\$ 219,150</b>	<b>\$ 1,051,149</b>

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$ (294,186)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$371,733) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$197,664). This is the amount by which capital outlays exceeded depreciation in the current period.	174,069
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	332,869
The issuance of long-term debt (\$71,464) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$93,969) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	22,505
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.	<u>3,123</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 238,380</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Taxes:			
Property Taxes	\$ 1,737,277	\$ 1,728,132	\$ (9,145)
Delinquent Taxes - Interest	10,000	8,760	(1,240)
Delinquent Taxes - Penalty	15,000	12,713	(2,287)
Fish and Wildlife Pond Access PILOT	900	899	(1)
National Forest Payments	13,000	14,458	1,458
Current Use Program	63,000	68,216	5,216
Total Taxes	1,839,177	1,833,178	(5,999)
Licenses, Fines & Fees:			
Liquor Licenses	1,000	1,418	418
Dog Licenses	2,500	2,302	(198)
Dog Fines	300	203	(97)
Police Fines	9,000	6,189	(2,811)
Town Clerk Fees	30,000	32,588	2,588
Motor Vehicle Reg. Renewals	900	677	(223)
Zoning Fees	8,000	10,555	2,555
School Treasurer's Fee	1,500	1,500	0
Total Licenses, Fines & Fees	53,200	55,432	2,232
Recreation Department:			
Program Registration Fees	57,000	58,239	1,239
Town Appropriations - 4 Towns	8,100	8,100	0
Youth Center Event & Rental Income	1,000	1,000	0
Pottery Studio	12,000	8,085	(3,915)
Hall Rentals	2,250	1,870	(380)
Total Recreation Department	80,350	77,294	(3,056)
Highway Department:			
State Aid for Highways	92,500	96,146	3,646
Equipment Use - Water/Landfill	9,000	18,580	9,580
Garage Rent from Water Department	400	400	0
Miscellaneous	250	495	245
Total Highway Department	102,150	115,621	13,471
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	17,850	8,095	(9,755)
Act 60 Reimbursements	1,600	1,647	47
Total Reimbursements to Town	19,450	9,742	(9,708)
Recycling Revenue:			
Recyclable Material Payments	2,500	2,392	(108)
Recycling User Sticker Fees	10,000	9,867	(133)
Household Hazardous Waste	2,000	2,163	163
Total Recycling Revenue	14,500	14,422	(78)

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Other Revenues:			
Interest	\$ 1,500	\$ 1,082	\$ (418)
Parking Permit Fees	150	25	(125)
Miscellaneous Revenues	2,000	166	(1,834)
Total Other Revenues	3,650	1,273	(2,377)
Total Revenue	2,112,477	2,106,962	(5,515)
Expenditures:			
General Expenses:			
Supplies	3,500	2,731	769
Furnishings	400	242	158
Equipment	4,500	3,588	912
Advertising	1,200	2,724	(1,524)
Postage	3,500	3,666	(166)
Telephone	1,250	1,789	(539)
Pub. Official & Empl. Practices Ins.	10,300	9,859	441
Landfill - Fees	1,400	1,400	0
Miscellaneous	1,500	2,097	(597)
Total General Expenses	27,550	28,096	(546)
Administrator's Office:			
Salaries	76,350	74,722	1,628
Additional Labor	300	281	19
FICA	5,863	5,429	434
Health Insurance	6,525	5,089	1,436
Retirement	5,154	4,055	1,099
Workers Compensation	225	221	4
Disability Insurance	1,000	871	129
Mileage	1,200	1,112	88
Training	150	327	(177)
Total Administrator's Office	96,767	92,107	4,660
Clerk/Treasurer's Office:			
Salaries	71,300	71,030	270
FICA	5,454	5,332	122
Health Insurance	5,750	5,813	(63)
Retirement	4,813	3,815	998
Workers Compensation	225	221	4
Disability Insurance	950	912	38
Training	300	345	(45)
Supplies	3,800	3,404	396
Software & Programming	1,400	924	476
Equipment	500	182	318
Postage	1,500	536	964
Telephone	1,300	1,666	(366)
Microfilming	525	576	(51)
Miscellaneous	200	114	86
Total Clerk/Treasurer's Office	98,017	94,870	3,147

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Listing Department:			
Salaries	\$ 13,500	\$ 15,465	\$ (1,965)
FICA	1,033	1,183	(150)
Workers Compensation	125	111	14
Mileage	300	157	143
Training	200	575	(375)
Supplies	500	566	(66)
Software	1,100	1,342	(242)
Equipment	300	125	175
Postage	250	247	3
Telephone	600	843	(243)
Legal Fees	500	0	500
Professional Fees	1,000	1,400	(400)
Map Maintenance	2,000	2,023	(23)
Miscellaneous	100	0	100
Total Listing Department	21,508	24,037	(2,529)
Planning & Zoning:			
Salaries	13,000	9,959	3,041
FICA	995	762	233
Retirement	250	172	78
Workers Compensation	125	111	14
Disability Insurance	225	35	190
Mileage	600	396	204
Training	100	0	100
Supplies	400	104	296
Advertising	650	360	290
Postage	900	563	337
Attorney Fees	12,000	7,378	4,622
Planning Services	8,000	7,341	659
Printing	1,000	129	871
Meetings	1,000	640	360
Total Planning & Zoning	39,245	27,950	11,295
Professional Fees:			
Attorney Fees	5,000	3,505	1,495
Audit Fees	19,000	19,112	(112)
Total Professional Fees	24,000	22,617	1,383
Town Report	2,000	1,880	120
Meetings & Elections:			
Election Workers	900	585	315
Election Supplies	1,600	1,611	(11)
Total Meetings & Elections	2,500	2,196	304

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Town Officers:			
Salaries	\$ 4,750	\$ 5,865	\$ (1,115)
Collector of Delinquent Taxes	7,140	7,493	(353)
Conservation Commission	400	355	45
Energy Committee	200	0	200
FICA/MEDI	910	905	5
Training	100	269	(169)
Total Town Officers	13,500	14,887	(1,387)
Town Parks:			
Supplies	1,200	1,194	6
Electricity	900	1,141	(241)
Liability Insurance	1,650	1,572	78
Mowing	11,500	8,824	2,676
Maintenance	500	1,000	(500)
Sycamore Park Portolet	500	300	200
Tree Planting	700	1,370	(670)
Landfill Fees	1,800	1,800	0
Miscellaneous	200	100	100
Total Town Parks	18,950	17,301	1,649
Holley Hall:			
Supplies	850	875	(25)
Equipment	200	0	200
Heating Fuel	6,500	8,027	(1,527)
Electricity	3,750	3,881	(131)
Custodial	4,500	4,116	384
Building Maintenance	2,000	3,244	(1,244)
Liability Insurance	5,000	4,733	267
Holley Hall Renovation Bond	58,100	58,572	(472)
Sewer Fees	550	412	138
Water Fees	300	324	(24)
Total Holley Hall	81,750	84,184	(2,434)
Howden Hall:			
Supplies	250	312	(62)
Heating Fuel	1,900	3,213	(1,313)
Electricity	2,000	1,537	463
Telephone	450	491	(41)
Liability Insurance	3,300	3,162	138
Maintenance & Custodial	700	515	185
Coach House	100	540	(440)
Water Fees	250	29	221
Total Howden Hall	8,950	9,799	(849)

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:			
Dog Officer	\$ 2,000	\$ 1,296	\$ 704
FICA	153	99	54
Dog Pound	1,200	1,134	66
Street Lights	24,000	28,425	(4,425)
Town Traffic Control	10,000	10,000	0
Police Services - Outside District	4,000	4,275	(275)
Total Public Safety	41,353	45,229	(3,876)
Fire Department:			
Labor	21,600	19,539	2,061
FICA/MEDI	1,652	1,495	157
Dues	1,000	960	40
Training	2,500	1,055	1,445
OSHA Requirements	5,500	6,119	(619)
Supplies	7,500	8,211	(711)
Heating Fuel	8,000	9,782	(1,782)
Electricity	3,100	3,841	(741)
Propane	350	178	172
Gas & Oil	3,200	3,581	(381)
Telephone	1,200	1,201	(1)
Dispatching	3,000	3,058	(58)
Building Maintenance	2,500	2,246	254
Workers Compensation	2,800	3,139	(339)
Accident & Disability Insurance	2,600	2,315	285
Liability Insurance	8,200	7,706	494
Water Fees	240	193	47
Landfill Fees	120	120	0
Radios and Pagers	3,400	6,238	(2,838)
Hose Replacement	1,500	3,575	(2,075)
Firefighting Equipment Repairs	3,500	4,451	(951)
2007 Engine Tanker Repairs	1,000	380	620
Pumper - Hose Reel	500	35	465
1997 Engine One	1,000	3,246	(2,246)
Utility Vehicle Repair	850	810	40
Heavy Rescue Vehicle Repair	850	127	723
Storage Heavy Rescue	3,200	3,200	0
Brush Truck	500	114	386
Bond Payment - 2007 Eng. Tanker	36,162	36,162	0
Fire Prevention	500	125	375
Miscellaneous	200	177	23
Total Fire Department	128,224	133,379	(5,155)
Lawrence Memorial Library:			
Health Insurance	17,000	6,461	10,539
Workers Compensation	225	221	4
Disability Insurance	625	596	29
Liability Insurance	2,450	2,304	146
Total Lawrence Memorial Library	20,300	9,582	10,718
Cemetery Care	3,200	2,917	283

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Other Debt Service & Transfers:			
Tax Anticipation Interest	\$ 2,500	\$ 337	\$ 2,163
Total Other Debt Service & Transfers	2,500	337	2,163
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,309	4,309	0
Addison County Tax	15,500	12,979	2,521
Addison County Economic Dev. Corp.	3,250	3,250	0
Vermont League of Cities & Towns	4,747	4,747	0
Christmas Committee	400	398	2
Fourth of July Bristol PD Expense	900	966	(66)
Chamber of Commerce	140	165	(25)
Total Dues, Taxes, Contributions	29,246	26,814	2,432
Municipal Solid Waste Program:			
Recycling Hauling Process	15,000	18,053	(3,053)
Recycling Labor	10,000	9,673	327
Recycling Manager's Salary	3,200	2,277	923
Worker's Compensation	700	675	25
FICA	1,010	174	836
Equipment Use	1,200	1,798	(598)
Household Hazardous Waste	10,000	16,007	(6,007)
Solid Waste Education Program	200	200	0
Solid Waste Planning	200	200	0
Electricity	500	480	20
Total Municipal Solid Waste Program	42,010	49,537	(7,527)
Highway Department:			
Personnel & Insurance:			
Salaries	232,700	222,254	10,446
Overtime	22,000	21,027	973
FICA/MEDI	19,485	19,729	(244)
Health Insurance	58,000	49,286	8,714
Retirement	17,192	16,939	253
Workers Compensation	12,000	12,927	(927)
Disability Insurance	2,700	2,860	(160)
Uniforms	1,500	1,381	119
Mileage	500	299	201
Training	600	390	210
Liability Insurance	11,600	12,812	(1,212)
Total Personnel & Insurance	378,277	359,904	18,373
Equipment:			
Supplies	13,500	15,252	(1,752)
Parts	10,000	13,997	(3,997)
Tires	5,000	4,522	478
Fuels	45,000	52,856	(7,856)
Oil, Anti-freeze	2,000	1,940	60
Purchases	2,500	3,485	(985)
Contracted Repairs	11,000	11,070	(70)
Equipment Rentals	500	8	492
Total Equipment	89,500	103,130	(13,630)

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Garage:			
Supplies	\$ 5,000	\$ 5,518	\$ (518)
Heating Fuels (Old Garage)	2,500	4,369	(1,869)
Propane (New Garage)	2,500	3,511	(1,011)
Electricity	2,500	3,577	(1,077)
Telephone	600	1,000	(400)
Pagers	600	597	3
Maintenance	2,500	2,363	137
Water Fees	275	188	87
Landfill Fees	200	200	0
Total Garage	16,675	21,323	(4,648)
Materials & Services:			
Road Gravel	22,000	21,013	987
Winter Sand	32,000	21,179	10,821
Salt	48,000	63,653	(15,653)
Chloride	22,000	22,302	(302)
Re-Paving	95,000	84,558	10,442
Cold Patch	1,000	554	446
Culverts	4,000	294	3,706
Signs	3,000	3,064	(64)
Tree Work	4,500	2,100	2,400
Pavement Marking	1,000	724	276
Sidewalks	15,000	14,976	24
Guard Rail	2,000	6,584	(4,584)
Storm Drainage	1,000	1,385	(385)
Contracted Services	13,000	8,480	4,520
Miscellaneous	1,000	474	526
Total Materials & Services	264,500	251,340	13,160
Indebtedness			
Stormwater Bond (2010)	34,920	34,920	0
South Street Bridge Replacement	1,000	0	1,000
Total Indebtedness	35,920	34,920	1,000
Total Highway Department	784,872	770,617	14,255
Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	59,351	59,934	(583)
Contracted Labor	500	240	260
FICA	4,540	4,508	32
Health Insurance	19,750	18,633	1,117
Retirement	4,006	4,539	(533)
Workers Compensation	2,000	1,504	496
Disability Insurance	800	778	22
Liability Insurance	1,500	0	1,500
Mileage	400	276	124
Training	500	534	(34)
Supplies	1,000	1,122	(122)
Equipment	2,500	564	1,936
Copier	0	85	(85)
Advertising	1,300	1,540	(240)
Facilities Rent	1,200	1,578	(378)
Postage	500	142	358
Telephone	1,500	985	515

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Arts, Parks & Recreation Department/(Cont'd):			
Holley Hall Custodial	\$ 2,100	\$ 1,567	\$ 533
Printing	1,500	1,438	62
Programs	37,000	32,422	4,578
Events	2,000	1,864	136
Annual Fees	300	260	40
Miscellaneous	300	67	233
Total General Recreation Department	144,547	134,580	9,967
Youth Center/Skate Park:			
Full Time Labor	33,598	28,208	5,390
Part Time Labor	13,133	10,701	2,432
FICA	3,575	3,046	529
Health Insurance	1,000	9,164	(8,164)
Retirement	3,154	1,899	1,255
Workers Compensation	2,000	1,628	372
Hub Rent to Recreation Club	7,200	393	6,807
Disability Insurance	500	11	489
Travel	400	7,200	(6,800)
Supplies	1,000	818	182
Food	2,200	1,359	841
Heat	1,300	2,767	(1,467)
Electricity	1,800	1,689	111
Telephone	1,100	1,000	100
Programs/Workshops	1,800	1,221	579
Trash Disposal	400	197	203
Water Fees	250	417	(167)
Maintenance	1,000	1,270	(270)
Total Youth Center/Skate Park	75,410	72,988	2,422
Pottery Studio:			
Labor	10,300	10,358	(58)
Supplies	1,000	694	306
Kiln	700	742	(42)
Heat	1,200	297	903
Electricity	400	410	(10)
Rent	6,900	6,850	50
Telephone	500	500	0
Total Pottery Studio	21,000	19,851	1,149
Total Arts, Parks & Recreation Department	240,957	227,419	13,538
Voted Appropriations:			
Capital Equipment Fund	80,000	80,000	0
Capital Fire Equipment Fund	10,000	10,000	0
Capital Building Fund	20,000	20,000	0
Capital Building Fund - Howden Hall	7,500	7,500	0
Capital Road Fund	35,000	35,000	0
Reappraisal Fund	5,000	5,000	0
Conservation Reserve Fund	10,000	10,000	0
Lawrence Memorial Library	122,128	122,128	0
Bristol Recreation Club	13,000	13,000	0
Addison County Court Diversion	1,150	1,150	0
Addison County Home Health	4,700	4,700	0

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Voted Appropriations/(Cont'd):			
Addison County Humane Society	\$ 1,000	\$ 1,000	\$ 0
Addison County Parent Child Center	4,800	4,800	0
Addison County Transit Resources Program	9,500	9,500	0
Addison County Readers Program	2,000	2,000	0
Bristol After School Program	1,275	1,275	0
Bristol Band	1,200	1,200	0
Bristol Cemetery Association	7,000	7,000	0
Bristol Downtown Community Part.	10,000	10,000	0
Bristol Family Center	4,000	4,000	0
Bristol Fourth of July Committee	6,000	6,000	0
Bristol Historical Society	2,500	2,500	0
Bristol Little League	2,000	2,000	0
Bristol Rescue Squad	10,000	10,000	0
Champlain Valley Agency on Aging	2,700	2,700	0
Counseling Service Addison County	3,875	3,875	0
Elderly Services	2,200	2,200	0
Helping Overcome Poverty's Effects	3,250	3,250	0
Hospice Volunteer Services	1,200	1,200	0
John Graham Emergency Shelter	1,400	1,400	0
Lewis Creek Association	300	300	0
Northeast Addison TV (NEAT)	3,500	3,500	0
Open Door Clinic	1,000	1,000	0
Retired Senior Volunteer Program	750	750	0
Vermont Adult Learning	1,650	1,650	0
WomenSafe	3,500	3,500	0
Total Voted Appropriations	<u>395,078</u>	<u>395,078</u>	<u>0</u>
Voted Transfers:			
Capital Building Fund	20,000	20,000	0
Capital Road Fund	5,000	5,000	0
Capital Equipment Fund	5,000	5,000	0
Total Voted Tranfers	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Expenditures	<u>2,152,477</u>	<u>2,110,833</u>	<u>41,644</u>
Excess/(Deficiency) of Revenue			
Over Expenditures	\$ <u>(40,000)</u>	(3,871)	\$ <u>36,129</u>
Fund Balance - July 1, 2013		<u>158,823</u>	
Fund Balance - June 30, 2014		<u>\$ 154,952</u>	

See Disclaimer in Accompanying Independent Auditor's Report.



TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
POLICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property Taxes	\$ 323,100	\$ 323,100	\$ 0
General Revenues	0	430	430
Detail Revenues	3,300	1,586	(1,714)
Town Traffic Patrol Contract	10,000	10,765	765
START Grant	0	1,056	1,056
MAUHS Contract	5,000	3,473	(1,527)
Non-District Service Fees	4,000	4,950	950
Fines	15,000	5,207	(9,793)
Towing	1,000	0	(1,000)
Interest	100	0	(100)
Miscellaneous	500	0	(500)
	<u>362,000</u>	<u>350,567</u>	<u>(11,433)</u>
Total Revenue			
Expenditures:			
Full-time Labor	150,400	151,483	(1,083)
Part-time Labor	17,500	19,964	(2,464)
Detail Labor	3,000	2,279	721
Clerical	3,250	1,767	1,483
Administrator	5,010	4,679	331
Overtime	18,000	12,268	5,732
Click-It or Ticket Grant Expense	0	19	(19)
FICA/MEDI	15,082	14,320	762
Health Insurance	42,000	29,208	12,792
State Retirement	11,908	11,575	333
Worker's Compensation	7,000	6,679	321
Disability Insurance	1,600	2,026	(426)
Uniforms	2,000	986	1,014

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
POLICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:/(Cont'd)			
Training	\$ 2,500	\$ 2,355	\$ 145
Computer	1,000	453	547
Office Supplies	1,000	1,383	(383)
Equipment	1,000	2,762	(1,762)
General Supplies	750	302	448
Vehicle Gas/Oil	10,000	9,427	573
Advertising	200	69	131
Vehicle Maintenance	7,500	7,552	(52)
Facility Expenses	30,000	28,520	1,480
Postage	250	488	(238)
Communications	7,000	6,095	905
Towing	800	380	420
Insurance	13,000	11,698	1,302
Capital Vehicle Reserve	7,500	7,500	0
Capital Equipment Reserve	2,000	2,000	0
Art Facility	0	396	(396)
Miscellaneous	750	19,340	(18,590)
Total Expenditures	<u>362,000</u>	<u>357,973</u>	<u>4,027</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>0</u>	(7,406)	\$ <u>(7,406)</u>
Fund Balance - July 1, 2013		<u>51,662</u>	
Fund Balance - June 30, 2014		\$ <u>44,256</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	Water Fund	Sewer Fund	Landfill Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 162,792	\$ 16,667	\$ 5,870	\$ 185,329
Investments	0	0	406,792	406,792
Receivables (Net of Allowance for Uncollectible Accounts)	44,700	6,912	3,304	54,916
Due from Other Funds	0	3,299	161,455	164,754
Prepaid Expenses	1,525	0	0	1,525
Total Current Assets	209,017	26,878	577,421	813,316
Noncurrent Assets:				
Capital Assets				
Plant and Equipment	2,117,564	583,262	199,678	2,900,504
Accumulated Depreciation	(815,234)	(233,308)	(75,174)	(1,123,716)
Total Noncurrent Assets	1,302,330	349,954	124,504	1,776,788
Total Assets	\$ 1,511,347	\$ 376,832	\$ 701,925	\$ 2,590,104
<u>LIABILITIES</u>				
Current Liabilities:				
Accrued Interest Payable	\$ 5,904	\$ 664	\$ 0	\$ 6,568
Unearned Revenue	1,933	217	0	2,150
Due to Other Funds	91,761	0	0	91,761
General Obligation Bonds Payable - Current Portion	33,484	8,499	0	41,983
Notes Payable - Current Portion	15,000	0	0	15,000
Total Current Liabilities	148,082	9,380	0	157,462
Noncurrent Liabilities:				
Compensated Absences Payable	291	54	121	466
Landfill - Estimated Closure and Post-Closure Cost	0	0	996,617	996,617
General Obligation Bonds Payable - Noncurrent Portion	860,339	92,905	0	953,244
Notes Payable - Noncurrent Portion	15,000	0	0	15,000
Total Noncurrent Liabilities	875,630	92,959	996,738	1,965,327
Total Liabilities	1,023,712	102,339	996,738	2,122,789
<u>NET POSITION/(DEFICIT)</u>				
Investment in Capital Assets, Net of Related Debt	378,507	248,550	124,504	751,561
Unrestricted	109,128	25,943	(419,317)	(284,246)
Total Net Position/(Deficit)	487,635	274,493	(294,813)	467,315
Total Liabilities and Net Position	\$ 1,511,347	\$ 376,832	\$ 701,925	\$ 2,590,104

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Water Fund	Sewer Fund	Landfill Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
OPERATING REVENUES:				
Charges for Services	\$ 237,579	\$ 35,382	\$ 126,452	\$ 399,413
Other Income	<u>7,555</u>	<u>0</u>	<u>3,233</u>	<u>10,788</u>
Total Operating Revenues	<u>245,134</u>	<u>35,382</u>	<u>129,685</u>	<u>410,201</u>
OPERATING EXPENSES:				
Operations	184,443	25,358	106,695	316,496
Closure and Post Closure Expense	0	0	52,617	52,617
Depreciation	<u>52,689</u>	<u>14,582</u>	<u>6,654</u>	<u>73,925</u>
Total Operating Expenses	<u>237,132</u>	<u>39,940</u>	<u>165,966</u>	<u>443,038</u>
Operating Income/(Loss)	<u>8,002</u>	<u>(4,558)</u>	<u>(36,281)</u>	<u>(32,837)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income	288	26	1,682	1,996
Interest Expense	<u>(34,957)</u>	<u>(3,793)</u>	<u>0</u>	<u>(38,750)</u>
Total Nonoperating Revenues (Expenses)	<u>(34,669)</u>	<u>(3,767)</u>	<u>1,682</u>	<u>(36,754)</u>
Change in Net Position	(26,667)	(8,325)	(34,599)	(69,591)
Net Position/(Deficit) - July 1, 2013	<u>514,302</u>	<u>282,818</u>	<u>(260,214)</u>	<u>536,906</u>
Net Position/(Deficit) - June 30, 2014	<u>\$ 487,635</u>	<u>\$ 274,493</u>	<u>\$ (294,813)</u>	<u>\$ 467,315</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Water Fund	Sewer Fund	Landfill Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 257,675	\$ 37,887	\$ 125,502	\$ 421,064
Receipts of Other Income	7,555	0	3,233	10,788
Payments for Wages and Benefits	(9,215)	(2,557)	(32,965)	(44,737)
Payments for Goods and Services	<u>(175,459)</u>	<u>(22,905)</u>	<u>(73,905)</u>	<u>(272,269)</u>
Net Cash Provided by Operating Activities	<u>80,556</u>	<u>12,425</u>	<u>21,865</u>	<u>114,846</u>
Cash Flows From Noncapital Financing Activities:				
Net Change in Due To/From Other Funds	<u>17,624</u>	<u>(1,425)</u>	<u>(21,865)</u>	<u>(5,666)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>17,624</u>	<u>(1,425)</u>	<u>(21,865)</u>	<u>(5,666)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of Capital Assets	(8,186)	0	0	(8,186)
Principal Paid on General Obligation Bonds	(33,450)	(8,487)	0	(41,937)
Principal Paid on Notes Payable	(15,000)	0	0	(15,000)
Interest Paid on General Obligation Bonds	(34,212)	(3,849)	0	(38,061)
Interest Paid on Notes Payable	<u>(1,055)</u>	<u>0</u>	<u>0</u>	<u>(1,055)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(91,903)</u>	<u>(12,336)</u>	<u>0</u>	<u>(104,239)</u>
Cash Flows From Investing Activities:				
Purchase of Investments	0	0	(1,656)	(1,656)
Receipt of Interest and Dividends	<u>288</u>	<u>26</u>	<u>1,682</u>	<u>1,996</u>
Net Cash Provided by Investing Activities	<u>288</u>	<u>26</u>	<u>26</u>	<u>340</u>
Net Increase in Cash	6,565	(1,310)	26	5,281
Cash - July 1, 2013	<u>156,227</u>	<u>17,977</u>	<u>5,844</u>	<u>180,048</u>
Cash - June 30, 2014	<u>\$ 162,792</u>	<u>\$ 16,667</u>	<u>\$ 5,870</u>	<u>\$ 185,329</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 8,002	\$ (4,558)	\$ (36,281)	\$ (32,837)
Depreciation	52,689	14,582	6,654	73,925
(Increase)/Decrease in Accounts Receivable	18,163	2,288	(950)	19,501
(Increase)/Decrease in Prepaid Expenses	(127)	0	0	(127)
Increase/(Decrease) in Unearned Revenue	1,933	217	0	2,150
Increase/(Decrease) in Compensated Absences Payable	(104)	(104)	(175)	(383)
Increase/(Decrease) in Landfill Estimated Closure Cost Liability	<u>0</u>	<u>0</u>	<u>52,617</u>	<u>52,617</u>
Net Cash Provided by Operating Activities	<u>\$ 80,556</u>	<u>\$ 12,425</u>	<u>\$ 21,865</u>	<u>\$ 114,846</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

The Town of Bristol, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, public works, sanitation, culture and recreation, public improvements, planning and zoning, community development, water, sewer, landfill and general administrative services.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Town of Bristol, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

### **A. The Financial Reporting Entity**

This report includes all of the funds of the Town of Bristol, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no entities that should be combined with the financial statements of the Town.

### **B. Basis of Presentation**

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function or program. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

Revolving Loan Fund – The Revolving Loan Fund was established to account for monies loaned to businesses within the Town.

Police Fund – The Police Fund accounts for taxes and other revenue charged to provide public safety to taxpayers in a specific area of the Town.

Capital Equipment Fund – The Capital Equipment Fund was established to account for monies transferred from other funds on an annual basis to be used for the acquisition of equipment.

Capital Building Fund – The Capital Building Fund was established to account for monies transferred from other funds on an annual basis to be used for building improvements.

Capital Roads Fund – The Capital Roads Fund was established to account for monies transferred from other funds on an annual basis to be used for road improvements.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

Proprietary Funds

The Town reports the following major enterprise funds:

Water Fund – The Water Fund was established to account for user fees charged to customers to provide water services.

Sewer Fund – The Sewer Fund was established to account for user fees charged to customers to provide sewer services.

Landfill Fund – The Landfill Fund was established to account for user fees charged to customers to provide solid waste services.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net total position) is segregated into net investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.



TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

#### **E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**F. Future Changes in Accounting Standards**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the Town’s measurement and recognition of pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures in government-wide and/or enterprise fund financial statements. The requirements of this statement may require restating of beginning net position. The Town is currently not planning to early implement this Statement and has made no estimation of the effect this Statement will have in the financial statements.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

**1. Cash**

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due to/from other fund balances.

**2. Investments**

Investments with readily determined fair values are reported at the fair values on the balance sheet. Unrealized gains and losses are included in revenue. The Town invests in instruments as authorized by State statutes.

**3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Unbilled revenues consist of revenues earned as of June 30, but not yet billed as of that date.

**4. Internal Balances**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from 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”. The purpose of the interfund balances is to allow the Town to pool its cash deposits to better manage its cash flow.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**5. Prepaid Expenses**

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Reported prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four (4) types of items which arise under the modified accrual basis of accounting and one (1) type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The statement of net position reports unavailable revenues from one source; prepaid property taxes. The governmental funds report unavailable revenues from four (4) sources; prepaid property taxes, unavailable property taxes, penalties and interest, unavailable grant revenue, and unavailable loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively. The Town has not capitalized any interest costs.

Depreciable capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

The Town does not have a capitalization policy, therefore, the Town determines the capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) based on their judgment. The estimated useful lives of capital assets are as follows:

	<u>Estimated Service Life</u>
Buildings and Building Improvements	40
Furniture and Equipment	7-15
Infrastructure	40
Vehicles	5-10
Water and Sewer Systems	40
Roads	40

## 8. Compensated Balances

**Sick Leave:** Sick leave is earned by full-time permanent employees at a rate of seven (7) days per year. Employees may carry up to fifteen (15) days of sick leave from fiscal year to fiscal year. Each July 1, employees can exchange sick leave accrued over fifteen (15) days for vacation days at a rate of two (2) sick days for one (1) vacation day.

**Vacation:** Employees of the Town are granted vacation leave in varying amounts. Employees may carry over to the next fiscal year up to ten (10) days of vacation.

Upon termination of employment, the Town will compensate the employee for unused vacation and sick days up to the limits noted above at current pay rates.

## 9. Long-term Liabilities

Long-term liabilities include bonds payable, notes payable and other obligations such as the Landfill estimated closure and post-closure liability and compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

## 10. Fund Equity

Fund Equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

Fund Balances in the governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

## **II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS**

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as another financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

## **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The administration and finance office of the Town are responsible for preparing the annual revenue and expenditures budgets. This budget is presented to the Selectboard and once the Board has adopted the budget, it is sent to the voters of the Town. The budget is voted on annually in March. Budget changes require voter approval. There were no budget amendments during the year.

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**B. Budgeted Deficit/Surplus**

The Town elected to budget expenditures in excess of revenues by \$40,000 in the General Fund in order to reduce taxes for the 2013-2014 fiscal year as approved by the voters. This is reflected as a current year's budgetary excess of expenditures over revenue in Exhibit F.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town's cash and investments as of June 30, 2014 consisted of the following:

Cash:

Deposits with Financial Institutions	\$1,020,120
Cash on Hand	<u>7,180</u>
Total Cash	<u>1,027,300</u>

Investments:

Investments – Certificates of Deposit	<u>543,730</u>
Total Investments	<u>543,730</u>
Total Cash and Investments	<u>\$1,571,030</u>

The Town has four (4) certificates of deposit with the Peoples United Bank in the amounts of \$17,700, \$1,896, \$1,896 and \$81,000 with interest rates of 0.4%, 0.4%, 0.4% and 0.3% and maturity dates of September 8, 2014, September 21, 2015, March 30, 2015, and March 28, 2014, respectively. The Town also has a certificate of deposit with the Merchants Bank in the amount of \$119,238 with an interest rate of 0.1% and a maturity date of December 5, 2014. The Town also has two (2) certificates of deposit with the Middlebury National Bank in the amounts of \$81,000 and \$81,000 with interest rates of 0.45% and 0.6% and maturity dates of March 31, 2016 and March 31, 2017, respectively.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the 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. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 597,744	\$ 658,851
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank’s Trust Department with a Security Interest Granted to the Town	<u>966,106</u>	<u>1,114,773</u>
Total	<u>\$1,563,850</u>	<u>\$1,773,624</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

Deposits are comprised of the following:

Deposits with Financial Institutions	\$1,020,120
Investments – Certificates of Deposit	<u>543,730</u>
Total Deposits	<u>\$1,563,850</u>

### **Credit Risk**

Generally, 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. The Town has no investments subject to credit risk. The Town’s credit risk policy is as follows:

**AUTHORIZED INVESTMENTS AND INSTITUTIONS.** Public deposits shall only be made in qualified public depositories as established by Vermont Law. All broker/dealers who desire to become qualified for investment transactions with the Town must supply the following as appropriate:

1. Access to audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
2. Proof of National Association of Securities Dealers (NASD) certification;
3. Proof of state registration.

The following investments will be permitted under this policy:

1. Certificates of deposit and other evidences of deposit at financial institutions; and
2. Investment grade obligations of state and local governments and public authorities with an AAA or Aaa rating by Moody’s or the S & P .

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**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 interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The certificates of deposit are not subject to interest rate risk disclosure requirements.

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town has no limit on the amount that they may invest with any one issuer. The Town has no investments subject to concentration of credit risk.

**B. Receivables**

Receivables at June 30, 2014, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 72,337	\$ 0	\$ 72,337
Penalties and Interest	10,680	0	10,680
Accounts Receivable	5,848	0	5,848
Grants Receivable	45,473	0	45,473
Landfill Receivable	0	3,304	3,304
Billed Services	0	10,032	10,032
Unbilled Services	0	41,580	41,580
Total	<u>\$ 134,338</u>	<u>\$ 54,916</u>	<u>\$ 189,254</u>

**C. Loans Receivable**

Loans Receivable at June 30, 2014 consists of a number of loans for community development as follows:

Notes Receivable, 7 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 0% to 6.0%, Maturity Dates Ranging from December 1, 2016 through September 1, 2023 All Secured by Business Assets. \$ 508,803

An analysis of the change in loans receivable is as follows:

<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>
<u>\$200,654</u>	<u>\$ 365,000</u>	<u>\$56,851</u>	<u>\$508,803</u>



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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 93,400	\$ 0	\$ 0	\$ 93,400
Construction in Progress	10,830	73,372	10,830	73,372
Total Capital Assets, Not Being Depreciated	<u>104,230</u>	<u>73,372</u>	<u>10,830</u>	<u>166,772</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,388,663	116,062	0	1,504,725
Furniture and Equipment	549,721	39,310	0	589,031
Vehicles	1,166,233	0	107,635	1,058,598
Infrastructure	1,866,548	153,819	0	2,020,367
Totals	<u>4,971,165</u>	<u>309,191</u>	<u>107,635</u>	<u>5,172,721</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	175,354	38,606	0	213,960
Furniture and Equipment	357,424	32,727	0	390,151
Vehicles	789,619	77,424	107,635	759,408
Infrastructure	141,420	48,907	0	190,327
Totals	<u>1,463,817</u>	<u>197,664</u>	<u>107,635</u>	<u>1,553,846</u>
Total Capital Assets, Being Depreciated	<u>3,507,348</u>	<u>111,527</u>	<u>0</u>	<u>3,618,875</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,611,578</u>	<u>\$ 184,899</u>	<u>\$ 10,830</u>	<u>\$ 3,785,647</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated:				
Water and Sewer Systems	\$ 2,783,559	\$ 0	\$ 0	\$ 2,783,559
Roads	29,650	0	0	29,650
Equipment	44,745	8,186	0	52,931
Vehicles	34,364	0	0	34,364
Totals	<u>2,892,318</u>	<u>8,186</u>	<u>0</u>	<u>2,900,504</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	989,665	69,590	0	1,059,255
Roads	6,299	742	0	7,041
Equipment	19,463	3,593	0	23,056
Vehicles	34,364	0	0	34,364
Totals	<u>1,049,791</u>	<u>73,925</u>	<u>0</u>	<u>1,123,716</u>
Total Capital Assets, Being Depreciated	<u>1,842,527</u>	<u>(65,739)</u>	<u>0</u>	<u>1,776,788</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,842,527</u>	<u>\$ (65,739)</u>	<u>\$ 0</u>	<u>\$ 1,776,788</u>

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Depreciation expense is charged to functions as follows:

Governmental Activities:

General Government	\$ 28,878
Public Works	118,219
Public Safety	46,512
Recreation	<u>4,055</u>
Total Governmental Activities	<u>\$197,664</u>

Business-Type Activities

Water	\$ 52,689
Sewer	14,582
Landfill	<u>6,654</u>
Total Business-Type Activities	<u>\$ 73,925</u>

**E. Interfund Balances and Activity**

The Due To/From balances as of June 30, 2014 are as follows:

<u>Fund</u>	Due from Other Funds	Due to Other Funds
General Fund	\$ 139,405	\$ 0
Police Fund	38,417	0
Capital Equipment Fund	0	139,636
Capital Building Fund	10,112	0
Capital Roads Fund	0	20,022
Other Governmental Funds	0	101,269
Water Fund	0	91,761
Sewer Fund	3,299	0
Landfill Fund	<u>161,455</u>	<u>0</u>
Total	<u>\$ 352,688</u>	<u>\$ 352,688</u>

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Interfund transfers during the year ended June 30, 2014 were as follows:

Transfer From	Amount	Transfer To	Amount	Purpose
General Fund	\$ 20,000	Capital Building Fund	\$ 20,000	Annual Funding
General Fund	20,000	Capital Building Fund	20,000	Additional Appropriation
General Fund	35,000	Capital Roads Fund	35,000	Annual Funding
General Fund	5,000	Capital Roads Fund	5,000	Additional Appropriation
General Fund	10,000	Conservation Fund	10,000	Annual Funding
General Fund	7,500	Howden Hall Fund	7,500	Annual Funding
General Fund	5,000	Reappraisal Fund	5,000	Annual Funding
General Fund	10,000	Capital Equipment Fund	10,000	Annual Funding for Fire Equipment
General Fund	5,000	Capital Equipment Fund	5,000	Additional Appropriation for Fire Equipment
General Fund	80,000	Capital Equipment Fund	80,000	Annual Funding
General Fund	200	Bristol Friends of the Arts Cabaret Fund	200	Matching Grant Funds
Neat Repeat Fund	4	General Fund	4	Close Fund
Police Fund	2,000	Capital Equipment Fund	2,000	Annual Funding
Police Fund	<u>7,500</u>	Capital Equipment Fund	<u>7,500</u>	Annual Funding
Total	\$ <u>207,204</u>		\$ <u>207,204</u>	

#### F. Unearned Revenue

Unearned Revenue in the Water Fund consists of \$1,933 of water fees received in advance. This revenue will be earned as the water fees are billed.

Unearned Revenue in the Sewer Fund consists of \$217 of sewer fees received in advance. This revenue will be earned as the sewer fees are billed.

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**G. Deferred Inflows of Resources**

Deferred Inflows of Resources in the General Fund consists of \$61,541 of delinquent property taxes, penalties and interest on those taxes that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, as well as \$12,366 of prepaid property taxes. Total Deferred Inflows of Resources in the General Fund is \$73,907.

Deferred Inflows of Resources in the Revolving Loan Fund consists of \$497,245 of loans receivable at June 30, 2014. Total Deferred Inflows of Resources in the Revolving Loan Fund is \$497,245.

Deferred Inflows of Resources in the Other Governmental Funds consists of \$26,834 of grant revenue that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Inflows of Resources in the Other Governmental Funds is \$26,834.

Deferred Inflows of Resources in the Governmental Activities consists of \$12,366 of prepaid property taxes.

**H. Landfill Estimated Closure and Post-Closure Costs**

The Town of Bristol, Vermont operates a municipal landfill. The Town charges user fees to cover the operating costs as well as to provide sufficient funds to pay for the closure and post-closure costs of the landfill.

As required by GASB Statement No. 18, the Town recognizes a proportionate share of the estimated total current cost of the closure and post-closure care as an expense and a liability in each period that the landfill accepts solid waste. The proportionate share of these costs is calculated based on total capacity available, total used, and the estimated costs. The following is an analysis of the calculations utilized in these financial statements:

Estimated current costs of closure and post-closure	\$ <u>1,424,000</u>
Estimated liability for current costs of closure and post-closure at June 30, 2013	\$ 944,000
Current year proportionate share of costs based on estimated capacity used	<u>52,617</u>
Estimated liability for current costs of closure and post-closure at June 30, 2014	\$ <u>996,617</u>

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**I. Long-term Liabilities**

General Obligation Bonds - The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities as well as major capital equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

Notes Payable – The Town has a note payable to finance capital improvements to Holley Hall, a note payable to finance capital improvements to Howden Hall, as well as a note payable to finance construction of water lines.

Line of Credit – The Town has taken out a line of credit in order to fund capital construction. It is the intent of the Town to pay the outstanding balance on the line of credit with future bond proceeds.

Compensated Absences - It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Landfill Closure and Post-closure Costs – The Town has estimated their liability for future closure and post-closure costs of the Town's landfill based upon maintenance and monitoring functions required by State and Federal laws and regulations.

The following is a summary of changes in the bonds and notes payable for the year ended June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Governmental Activities:</u>				
Note Payable, Peoples United Bank, 2011 Holley Hall Improvements, Interest at 1.95%, Matures April 27, 2014. The Town Plans to Renew this Annually and Reduce the Principal by \$10,000 per Year Over the Next Seven (7) Years	\$ 80,000	\$ 0	\$ 10,000	\$ 70,000
Bond Payable, Vermont Municipal Bond Bank, 2007 Fire Engine Tanker, Annual Principal Payments of \$30,000 Due November 15 through 2018, Interest Rates Ranging From 2.72% to 4.01% Due Semi-Annually on May 15 and November 15	180,000	0	30,000	150,000

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	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$30,000 Due December 1, 2011 through December 1, 2020, Then \$35,000 through December 1, 2030, Interest Rates Ranging from 1.033% To 3.426%, Due Semi-Annually On June 1 and December 1	\$ 590,000	\$ 0	\$30,000	\$ 560,000
Note Payable, National Bank of Middlebury, 2013 Howden Hall Lift, Annual Principal Payments of \$7,000 Beginning October 7, 2014, Interest at 2.95%, Matures October 7, 2018	0	35,000	0	35,000
Bond Payable, State of Vermont Special Environmental Revolving Fund (AR1-026), Stormwater Improvements, Annual Principal Payments Ranging from \$23,500 to \$34,235 Beginning December 1, 2012 through December 1, 2031, Interest at 0%, Administration Fee at 2.0%	547,484	0	23,969	523,515
Line of Credit, Peoples United Bank, South Street Bridge, Authorized to \$150,000, \$113,536 Still Available, Interest at 1.6%, Due September 26, 2014 at which time the Line of Credit Was Extended to September 15, 2015. The Town will Refinance this Line of Credit with Bond Proceeds	<u>0</u>	<u>36,464</u>	<u>0</u>	<u>36,464</u>
Total Governmental Activities	<u>1,397,484</u>	<u>71,464</u>	<u>93,969</u>	<u>1,374,979</u>

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	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Business-Type Activities:</u>				
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$10,000 Due December 1, 2011 through December 1, 2020, Interest Rates Ranging from 1.033% to 3.42% Due Semi-Annually on June 1 and December 1	\$ 80,000	\$ 0	\$ 10,000	\$ 70,000
Bond Payable, Vermont Municipal Bond Bank, Sewer Construction, Interest at 3.93%, Principal and Interest Payments of \$12,496 Due Semi-Annually on June 1 and December 1, Beginning December 1, 2012, Maturing December 1, 2023	109,891	0	8,487	101,404
Bond Payable, Vermont Municipal Bond Bank, Water Line Construction, Interest at 3.93%, Principal and Interest Payments of \$55,894 Due Semi- Annually on June 1 and December 1, Beginning December 1, 2012, Maturing December 1, 2036	847,273	0	23,450	823,823
Note Payable, Peoples United Bank, Water Line Construction, Interest at 2.35%, Principal Payments of \$15,000 Plus Interest Due on September 30, 2014. The Town Plans to Renew this Annually and Reduce the Principal by \$15,000 Per Year Over the Next Two (2) Years	<u>45,000</u>	<u>0</u>	<u>15,000</u>	<u>30,000</u>
Total Business-Type Activities	<u>1,082,164</u>	<u>0</u>	<u>56,937</u>	<u>1,025,227</u>
Total Long-Term Debt	<u>\$2,479,648</u>	<u>\$71,464</u>	<u>\$ 150,906</u>	<u>\$2,400,206</u>

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Changes in all long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 1,317,484	\$ 0	\$ 83,969	\$ 1,233,515	\$ 84,449
Note Payable	80,000	35,000	10,000	105,000	17,000
Line of Credit	0	36,464	0	36,464	0
Compensated Absences	41,430	0	2,763	38,667	0
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,438,914</u>	<u>\$ 71,464</u>	<u>\$ 96,732</u>	<u>\$ 1,413,646</u>	<u>\$ 101,449</u>
<b>Business-type Activities</b>					
General Obligation Bonds	\$ 1,037,164	\$ 0	\$ 41,937	\$ 995,227	\$ 41,983
Note Payable	45,000	0	15,000	30,000	15,000
Compensated Absences	849	0	383	466	0
Landfill Estimated Closure and Post Closure Costs	944,000	52,617	0	996,617	0
Total Business-type Activities Long-Term Liabilities	<u>\$ 2,027,013</u>	<u>\$ 52,617</u>	<u>\$ 57,320</u>	<u>\$ 2,022,310</u>	<u>\$ 56,983</u>

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 101,449	\$ 21,817	\$ 56,983	\$ 38,320
2016	101,938	19,946	58,240	36,446
2017	102,437	18,029	44,546	34,503
2018	102,946	16,051	45,904	32,842
2019	103,465	13,991	47,315	31,121
2020-2024	325,477	55,464	229,455	128,708
2025-2029	330,098	26,741	186,758	89,041
2030-2034	170,705	2,399	226,458	48,623
2035-2039	N/A	N/A	129,568	6,750
Unknown	36,464	N/A	N/A	N/A
Total	<u>\$ 1,374,979</u>	<u>\$ 174,438</u>	<u>\$ 1,025,227</u>	<u>\$ 446,354</u>



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**K. Fund Balances**

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

Nonspendable General Fund Prepaid Expenses	\$ 26,713
Nonspendable Capital Equipment Deposit	<u>113,000</u>
Total Major Funds	<u>139,713</u>

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Nonmajor Funds

Nonspendable Martha Parker Fund by Bequest	\$ <u>17,700</u>
Total	\$ <u>157,413</u>

The fund balances in the following funds are restricted as follows:

Major Funds

Restricted for Revolving Loan Fund by Grant Agreement	\$170,648
Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>44,256</u>
Total Major Funds	<u>214,904</u>

Nonmajor Funds

Restricted for Record Restoration Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	18,271
Restricted for Recreation Department Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	440
Restricted for Howden Hall Expenditures by Donations And Grant Agreements (Source of Revenue is Donations and Grant Revenue)	1,213
Restricted for Peveril Peake Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	4,494
Restricted for Conservation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	21,605
Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	12,838
Restricted for Vermont Coalition of Teen Center Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	1,251
Restricted for United Way of Addison County Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	5,541
Restricted for Holley Hall Expenditures by	

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Grant Agreements (Source of Revenue is Grant Revenue)	\$ 3,364
Restricted for Playground Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	2,500
Restricted for Various Other Governmental Funds for Various Purposes by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	<u>5,415</u>
Total Nonmajor Funds	<u>76,932</u>
Total Restricted Fund Balances	<u>\$291,836</u>

The fund balances in the following funds are assigned as follows:

Major Funds:

Capital Equipment Fund - Assigned for Capital Equipment Expenses	\$116,747
Capital Building Fund - Assigned for Capital Building Expenses	84,719
Capital Roads Fund - Assigned for Capital Road Expenses	<u>147,677</u>
Total Major Funds	<u>349,143</u>

Nonmajor Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	169,194
Assigned for Lister Education Expenses (Source of Revenue is Grant Revenue)	1,951
Assigned for Youth Football Expenses (Source of Revenue is Recreation Fees)	993
Assigned Youth Lacrosse Expenses (Source of Revenue is Recreation Fees)	314
Assigned for Personal Responsibility Education Program Expenses (Source of Revenue is Grant Revenue)	<u>6,180</u>
Total Nonmajor Funds	<u>178,632</u>
Total Assigned Fund Balances	<u>\$527,775</u>

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

The Other Governmental Funds unrestricted deficits of \$8,050, \$1,019, \$39,905, \$5,017, and \$123 in the Prince Lane VTrans Fund, the Village Green Fund, the South Street Bridge Fund, the Hewitt Road Bridge Fund, and the Dental Care Fund, respectively, will be funded with future grant revenue, bond proceeds, or transfers.

**K. Net Position**

The restricted net position in the Governmental Activities are as follows:

Restricted for Revolving Loan Expenditures	\$667,893
Restricted for Police Expenditures	44,256
Restricted for Martha Parker Fund Expenditures	17,700
Restricted for Various Other Governmental Expenditures	<u>103,766</u>
 Total Restricted Net Position	 <u>\$833,615</u>

The unrestricted deficit of \$419,317 in the Landfill Fund will be funded with future landfill charges.

**V. OTHER INFORMATION**

**A. RETIREMENT PLANS**

All eligible employees of the Town of Bristol are covered under the State of Vermont Municipal Employee's Retirement Plan. The eligible employees are covered by (VMERS) Group C Plan, a defined benefit plan. Under this plan, during the first half of the year, employees contribute 9.5% of their gross salary and the Town contributed 6.5%. During the second half of the year and going forward, employees contribute 9.375% of their gross salary and the Town contributes 6.625%. Town of Bristol pays all costs accrued each year for this plan. The premise of Plan C is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. The net position available for benefits as well as present value of vested and nonvested plan benefits by municipality are not available. The Town's total payroll was \$807,607 while its covered payroll for this plan was \$692,542. Pension expense for the year ending June 30, 2014, 2013 and 2012 was \$46,307, \$45,868 and \$41,249, respectively.

Additional information regarding the State of Vermont Municipal Employees' Retirement System is available upon request from the State of Vermont.

The Town also maintains a Section 457 Deferred Compensation Plan for its employees with a plan year of January 1 through December 31. The 457 Plan covers substantially all employees. The Plan is administered by Vermont State Retirement System with investments held at Orchard Trust. The Town also offers one of its employees a Deferred Compensation Plan through Putnam Investments in accordance with Internal Revenue Code Section 457. The Plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The Town has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**B. RISK MANAGEMENT**

The Town of Bristol is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town of Bristol maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. (the Fund) covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town of Bristol except that the Town has an environmental exclusion in their insurance policy in regards to the landfill. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Town must remain a member of the Fund for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town of Bristol self-insures itself for unemployment coverage. The Town must pay the Vermont Department of Employment and Training for any paid claims. Unemployment claims for the year ended June 30, 2014 were \$9.

**C. PROPERTY TAXES**

The Town property tax bills are due in two installments in November and April. The Town bills and collects its own property taxes as well as education property taxes for the State. On August 30 of the current year, unpaid amounts become delinquent. On April 5 of the current year, the Town assesses an 8% penalty on all unpaid amounts. Interest is calculated at 1% for the first (3) months and 1.5% thereafter. The tax rate for fiscal year 2014 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.5642	1.6052
General	.1768	.1768
Highway	.2420	.2420
Recreation	.0569	.0569
Police	.2892	.2892
Special Articles	.1400	.1400
Local Agreement	<u>.0041</u>	<u>.0041</u>
Total Tax Rate/per \$100 of Assessed Valuation	<u>2.4732</u>	<u>2.5142</u>

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**D. LEASES**

The Town's Police Department entered into an operating lease for office space. The lease is for ten (10) years. Lease expense for the fiscal year 2014 was \$25,472. Future minimum lease payments are as follows:

2015	\$ 31,721
2016	34,226
2017	36,476
2018	37,039
2019	37,039
2020-2025	<u>175,935</u>
Total	<u>\$352,436</u>

**E. RELATED PARTY TRANSACTIONS**

One Selectboard member is an owner/operator of a construction company which performed services for the Town during the year. The amount paid to his excavating company for the fiscal year ending June 30, 2014 was \$63,298.

A previous Selectboard member, who was active during fiscal year 2014 but whose term expired in March, 2014, is an employee at an engineering company which performed services for the Town during the year. The amount paid to the engineering company for the fiscal year ended June 30, 2014 was \$12,144.

**F. SUBSEQUENT EVENTS**

Subsequent to year end, the Town was notified by the State of Vermont that they are in violation of several Vermont Solid Waste Management Rules and Conditions of Certifications. The Town also did not submit their annual report for landfill stormwater discharge required under the Vermont Multi-Sector General Permit.

The Selectboard voted to close the landfill at the end of the current certification period of December 31, 2016 due to the decrease in tonnage, increased cost to close the landfill and the possible costs of implementing Act 148. The current estimate of the cost of closure and post-closure monitoring is \$1,443,519. The Town has set aside \$406,792 in the closure fund as of June 30, 2014. The Town has requested the State appropriate funds to assist in the closure. The Town, in conjunction with the State, are also pursuing alternative cover materials that will be more cost effective. If the Town has to bond, the amount of that bond is currently unknown.

# Sullivan, Powers & Co., P.C.

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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
"Government Auditing Standards"

Selectboard  
Town of Bristol  
P.O. Box 249  
Bristol, Vermont 05443

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Vermont, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Bristol, Vermont's basic financial statements, and have issued our report thereon dated January 30, 2015.

## ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Bristol, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bristol, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bristol, Vermont's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Bristol, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 14-1 to be a material weakness.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Bristol, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

We also noted certain other matters that we reported to the management of the Town of Bristol, Vermont in a separate letter dated January 30, 2015.

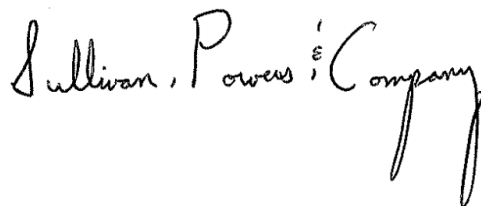
### ***Town of Bristol, Vermont's Response to Finding***

The Town of Bristol, Vermont's response to the finding identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Bristol, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bristol, Vermont's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Bristol, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 30, 2015  
Montpelier, Vermont  
VT Lic. #92-000180





TOWN OF BRISTOL, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2014

Deficiencies in Internal Control:

Material Weaknesses:

14-1 Reconciliation of Accounts Receivable

*Criteria:*

Internal controls should be in place to provide for the reconciliation of accounts receivable to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

*Condition:*

Internal controls over reconciling accounts receivable are inadequately designed as adjustments had to be made to accounts receivable, deferred revenue, and related revenues.

*Cause:*

Unknown.

*Effect:*

Some of the Town's account balances were incorrect.

*Recommendation:*

We recommend that all accounts receivable be reconciled to supporting documentation in order to detect and correct errors.

*Management's Response:*

The Treasurer's Office continues to develop and implement additional procedures and training in accordance with "Government Auditing Standards" to remediate this issue.