

**TOWN OF BRISTOL, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2015**

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, 2015, 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, 2015, 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.

### ***Change in Accounting Principle***

As described in Note I.F. to the financial statements, effective June 30, 2015, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. As a result of this required change in accounting principle, the Town recorded a \$92,813 reduction in beginning net position of the Governmental Activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

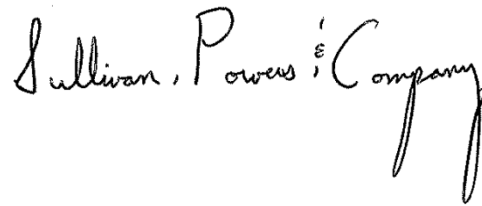
### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 7, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1, and the Schedule of Contributions on Schedule 2 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 February 5, 2016 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.

February 5, 2016  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in dark ink and is positioned to the right of the date and address information.

## **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, 2015. 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 \$70,854 as of June 30, 2015. The Revolving Loan Fund continues to operate with a positive fund balance of \$283,115. The Revolving Loan Fund also reduced their loans receivable by \$104,323, putting money back into the fund that is available to loan. The Police fund operates with a positive fund balance of \$51,059.

### **Government-wide Highlights**

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$4,740,794 compared to \$4,411,294 at June 30, 2014. Of this amount \$4,345,110 represents governmental activities and \$395,684 represents our water, sewer and landfill funds (enterprise funds). Of these amounts, \$465,714 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 \$998,588, a decrease of \$84,712 over the prior year. Of the total fund balance \$969,617 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 long-term debt decreased \$112,848 during the fiscal year and had a total ending balance of \$2,287,358. During FY 2015 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 44-47 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the 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. 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 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
<b>Assets:</b>						
Current and Other Assets	\$ 1,613,124	\$ 1,720,921	\$ 688,513	\$ 721,555	\$ 2,301,637	\$ 2,442,476
Capital Assets	4,318,560	3,785,647	1,790,487	1,776,788	6,109,047	5,562,435
Total Assets	5,931,684	5,506,568	2,479,000	2,498,343	8,410,684	8,004,911
Deferred Outflows of Resources	47,198	46,307	0	0	47,198	46,307
<b>Liabilities:</b>						
Current Liabilities	123,160	43,764	16,915	8,718	140,075	52,482
Long-Term Liabilities	1,397,094	1,552,766	2,066,401	2,022,310	3,463,495	3,575,076
Total Liabilities	1,520,254	1,596,530	2,083,316	2,031,028	3,603,570	3,627,558
Deferred Inflows of Resources	113,518	12,366	0	0	113,518	12,366
<b>Net Position:</b>						
Net Investment in						
Capital Assets	2,999,446	2,447,132	822,243	751,561	3,821,689	3,198,693
Restricted	879,950	833,615	0	0	879,950	833,615
Unrestricted/(Deficit)	465,714	663,232	(426,559)	(284,246)	39,155	378,986
Total Net Position	\$ 4,345,110	\$ 3,943,979	\$ 395,684	\$ 467,315	\$ 4,740,794	\$ 4,411,294



Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
<b>REVENUES</b>						
Charges for Service	\$ 333,664	\$ 245,796	\$ 426,197	\$ 399,413	\$ 759,861	\$ 645,209
Operating Grants and Contributions	443,536	131,682	10,595	0	454,131	131,682
Capital Grants and Contributions	0	83,169	0	0	0	83,169
Property Taxes	2,108,700	2,066,773	0	0	2,108,700	2,066,773
Penalty and Interest on Delinquent Taxes	21,210	21,473	0	0	21,210	21,473
Payment in Lieu of Taxes	917	899	0	0	917	899
General State Grants	130,928	462,810	0	0	130,928	462,810
Unrestricted Investment Earnings	1,492	2,083	1,122	1,996	2,614	4,079
Insurance Proceeds	1,239	8,095	0	0	1,239	8,095
Donations	550	0	0	0	550	0
Other Revenues	5,797	3,792	7,627	10,788	13,424	14,580
Donation of Capital Asset	67,642	0	0	0	67,642	0
Gain on Sale of Capital Assets	0	45,838	0	0	0	45,838
Total Revenues	3,115,675	3,072,410	445,541	412,197	3,561,216	3,484,607
<b>EXPENDITURES</b>						
General Government	742,867	1,065,957	0	0	742,867	1,065,957
Public Safety	584,858	586,928	0	0	584,858	586,928
Public Works	883,560	839,840	0	0	883,560	839,840
Sanitation	53,812	0	0	0	53,812	0
Cemetery	2,582	0	0	0	2,582	0
Community Development	263,198	56,241	0	0	263,198	56,241
Culture and Recreation	132,734	249,740	0	0	132,734	249,740
Interest on Long-Term Debt	33,433	35,324	0	0	33,433	35,324
Water	0	0	238,897	272,089	238,897	272,089
Sewer	0	0	44,523	43,733	44,523	43,733
Landfill	0	0	251,252	165,966	251,252	165,966
Total Expenditures	2,697,044	2,834,030	534,672	481,788	3,231,716	3,315,818
Transfers In/(Out)	(17,500)	0	17,500	0	0	0
Changes in Net Position	401,131	238,380	(71,631)	(69,591)	329,500	168,789
Net Position - Beginning of Year	3,943,979	3,766,261	467,315	802,285	4,411,294	4,568,546
Correction of an Error	0	32,151	0	0	0	32,151
Less GASB 68 Adjustment	0	(92,813)	0	0	0	(92,813)
Net Position - End of Year	\$ 4,345,110	\$ 3,943,979	\$ 395,684	\$ 732,694	\$ 4,740,794	\$ 4,676,673

### **Fund Financial Statements**

A 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 the 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 46 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Police Fund, Capital Building Fund, Capital Roads Fund, and Revolving Loan Fund, which are all considered major funds. Data from the other 40 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 49-51.

## **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 \$401,131 during the 2015 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 \$594,344 and \$268,580, respectively and there is a deficit of \$467,240 in the Landfill Fund. In the fiscal year 2015, operating expenses for the Water Fund decreased by \$29,952 and operating expenses in the Sewer Fund increased by \$842. The Water Fund purchased \$122,709 in capital assets. The Town's estimated liability for current costs of landfill closure and post closure is \$1,097,200. The Landfill's estimated closure and post closure costs are explained on page 43.

### **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, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 820,648	\$ 288,579	\$ 1,109,227
Investments	137,684	406,792	544,476
Receivables	144,191	75,183	219,374
Loans Receivable	404,480	0	404,480
Prepaid Expenses	22,510	1,570	24,080
Internal Balances	83,611	(83,611)	0
Capital Assets			
Land	93,400	0	93,400
Construction in Progress	140,539	15,255	155,794
Other Capital Assets (Net of Accumulated Depreciation)	4,084,621	1,775,232	5,859,853
Total Assets	<u>5,931,684</u>	<u>2,479,000</u>	<u>8,410,684</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	47,198	0	47,198
Total Deferred Outflows of Resources	<u>47,198</u>	<u>0</u>	<u>47,198</u>
<u>LIABILITIES</u>			
Accounts Payable	98,284	12,056	110,340
Accrued Payroll and Benefits Payable	15,903	0	15,903
Accrued Interest Payable	2,443	3,294	5,737
Unearned Revenue	6,530	1,565	8,095
Noncurrent Liabilities:			
Due within One Year	101,938	806,240	908,178
Due in More than One Year	1,295,156	1,260,161	2,555,317
Total Liabilities	<u>1,520,254</u>	<u>2,083,316</u>	<u>3,603,570</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	5,755	0	5,755
Deferred Inflows of Resources Related to the Town's Participation in VMERS	107,763	0	107,763
Total Deferred Inflows of Resources	<u>113,518</u>	<u>0</u>	<u>113,518</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,999,446	822,243	3,821,689
Restricted	879,950	0	879,950
Unrestricted/(Deficit)	465,714	(426,559)	39,155
Total Net Position	<u>\$ 4,345,110</u>	<u>\$ 395,684</u>	<u>\$ 4,740,794</u>

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

TOWN OF BRISTOL, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$ 742,867	\$ 51,648	\$ 17,994	\$ 0	\$ (673,225)	\$ 0	\$ (673,225)
Public Safety	584,858	44,199	4,484	0	(536,175)	0	(536,175)
Public Works	883,560	7,825	418,894	0	(456,841)	0	(456,841)
Sanitation	53,812	5,410	2,164	0	(46,238)	0	(46,238)
Cemetery	2,582	0	0	0	(2,582)	0	(2,582)
Culture and Recreation	132,734	83,162	0	0	(49,572)	0	(49,572)
Community Development	263,198	141,420	0	0	(121,778)	0	(121,778)
Interest on Long-Term Debt	33,433	0	0	0	(33,433)	0	(33,433)
				0			
Total Governmental Activities	2,697,044	333,664	443,536	0	(1,919,844)	0	(1,919,844)
Business-Type Activities:							
Water	238,897	257,734	10,595	0	0	29,432	29,432
Sewer	44,523	36,086	0	0	0	(8,437)	(8,437)
Landfill	251,252	132,377	0	0	0	(118,875)	(118,875)
Total Business-Type Activities	534,672	426,197	10,595	0	0	(97,880)	(97,880)
Total	\$ 3,231,716	\$ 759,861	\$ 454,131	\$ 0	(1,919,844)	(97,880)	(2,017,724)
General Revenues:							
Property Taxes					2,108,700	0	2,108,700
Interest and Penalties on Delinquent Taxes					21,210	0	21,210
Payment in Lieu of Taxes					917	0	917
General State Grants					130,928	0	130,928
Unrestricted Investment Earnings					1,492	1,122	2,614
Insurance Proceeds					1,239	0	1,239
Donations					550	0	550
Other Revenues					5,797	7,627	13,424
Donation of Asset					67,642	0	67,642
Transfers					(17,500)	17,500	0
Total General Revenues and Transfers					2,320,975	26,249	2,347,224
Change in Net Position					401,131	(71,631)	329,500
Net Position - July 1, 2014, As Restated					3,943,979	467,315	4,411,294
Net Position - June 30, 2015					\$ 4,345,110	\$ 395,684	\$ 4,740,794

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

TOWN OF BRISTOL, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	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	\$ 124,900	\$ 153,138	\$ 0	\$ 103,131	\$ 45,644	\$ 115,370	\$ 278,465	\$ 820,648
Investments	0	119,297	0	0	0	0	18,387	137,684
Receivables	98,355	0	5,882	0	0	0	39,954	144,191
Loans Receivable	0	404,480	0	0	0	0	0	404,480
Due from Other Funds	0	0	51,071	4,003	3,917	81,162	0	140,153
Prepaid Expenses	22,510	0	0	0	0	0	0	22,510
Total Assets	<u>\$ 245,765</u>	<u>\$ 676,915</u>	<u>\$ 56,953</u>	<u>\$ 107,134</u>	<u>\$ 49,561</u>	<u>\$ 196,532</u>	<u>\$ 336,806</u>	<u>\$ 1,669,666</u>
<u>LIABILITIES</u>								
Accounts Payable	\$ 50,786	\$ 0	\$ 2,016	\$ 0	\$ 8,087	\$ 611	\$ 36,784	\$ 98,284
Accrued Payroll and Benefits Payable	12,025	0	3,878	0	0	0	0	15,903
Due to Other Funds	46,306	0	0	0	0	0	10,236	56,542
Unearned Revenue	0	0	0	0	0	0	6,530	6,530
Total Liabilities	<u>109,117</u>	<u>0</u>	<u>5,894</u>	<u>0</u>	<u>8,087</u>	<u>611</u>	<u>53,550</u>	<u>177,259</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Property Taxes, Penalty and Interest	60,039	0	0	0	0	0	0	60,039
Unavailable Loan Revenue	0	393,800	0	0	0	0	0	393,800
Unavailable Grant Revenue	0	0	0	0	0	0	34,225	34,225
Property Tax Overpayments/Prepayments	5,755	0	0	0	0	0	0	5,755
Total Deferred Inflows of Resources	<u>65,794</u>	<u>393,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,225</u>	<u>493,819</u>
<u>FUND BALANCES/(DEFICIT)</u>								
Nonspendable	22,510	0	0	0	0	0	17,700	40,210
Restricted	0	283,115	51,059	0	0	0	100,051	434,225
Assigned	0	0	0	107,134	41,474	195,921	190,863	535,392
Unassigned	48,344	0	0	0	0	0	(59,583)	(11,239)
Total Fund Balances	<u>70,854</u>	<u>283,115</u>	<u>51,059</u>	<u>107,134</u>	<u>41,474</u>	<u>195,921</u>	<u>249,031</u>	<u>998,588</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 245,765</u>	<u>\$ 676,915</u>	<u>\$ 56,953</u>	<u>\$ 107,134</u>	<u>\$ 49,561</u>	<u>\$ 196,532</u>	<u>\$ 336,806</u>	

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.	4,318,560
Other Assets are not Available to Pay for Current Period Expenditures, and, Therefore, are Deferred in the Funds.	488,064
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.	(1,399,537)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, therefore, are not Reported in the Funds.	(60,565)
Net Position of Governmental Activities	<u>\$ 4,345,110</u>

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, 2015

	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	\$ 1,777,246	\$ 0	\$ 332,956	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,110,202
Penalties and Interest	21,210	0	0	0	0	0	0	21,210
Licenses, Fees and Fines	9,568	0	12,834	0	0	0	0	22,402
Intergovernmental Revenues	214,867	0	0	0	0	0	349,275	564,142
Contributions and Donations	0	0	0	0	0	0	550	550
Charges for Services	130,711	0	31,365	0	0	0	2,356	164,432
Investment Income	752	119	0	102	45	167	307	1,492
Loan Interest Income	0	9,511	0	0	0	0	0	9,511
Loan Repayments	0	131,908	0	0	0	0	0	131,908
Recycling Revenues	7,574	0	0	0	0	0	0	7,574
Other Revenues	3,571	218	695	4,046	0	0	191	8,721
<b>Total Revenues</b>	<b>2,165,499</b>	<b>141,756</b>	<b>377,850</b>	<b>4,148</b>	<b>45</b>	<b>167</b>	<b>352,679</b>	<b>3,042,144</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General Government	617,106	0	0	0	11,139	0	79,987	708,232
Public Safety	142,739	0	362,258	24,062	0	0	4,572	533,631
Public Works	700,378	0	0	0	13,803	30,924	2,740	747,845
Sanitation	53,812	0	0	0	0	0	0	53,812
Cemetery	2,582	0	0	0	0	0	0	2,582
Culture & Recreation	251,413	0	0	0	0	0	3,938	255,351
Community Development	0	29,289	0	0	0	0	0	29,289
<b>Capital Outlay:</b>								
Public Safety	0	0	0	53,958	33,348	0	0	87,306
Public Works	15,440	0	0	191,892	0	78,521	287,085	572,938
Culture & Recreation	0	0	0	0	25,000	0	2,386	27,386
<b>Debt Service:</b>								
Principal	101,449	0	0	0	0	0	0	101,449
Interest	34,506	0	0	0	0	0	613	35,119
<b>Total Expenditures</b>	<b>1,919,425</b>	<b>29,289</b>	<b>362,258</b>	<b>269,912</b>	<b>83,290</b>	<b>109,445</b>	<b>381,321</b>	<b>3,154,940</b>
<b>Excess/(Deficiency) of Revenues</b>								
Over Expenditures	246,074	112,467	15,592	(265,764)	(83,245)	(109,278)	(28,642)	(112,796)
<b>Other Financing Sources/(Uses):</b>								
Proceeds from Long Term Debt	0	0	0	0	0	0	45,584	45,584
Transfers In	0	0	2,211	111,000	40,000	132,500	15,150	300,861
Transfers Out	(305,150)	0	(11,000)	0	0	0	(2,211)	(318,361)
<b>Total Other Financing Sources/(Uses)</b>	<b>(305,150)</b>	<b>0</b>	<b>(8,789)</b>	<b>111,000</b>	<b>40,000</b>	<b>132,500</b>	<b>58,523</b>	<b>28,084</b>
<b>Net Change in Fund Balances</b>	<b>(59,076)</b>	<b>112,467</b>	<b>6,803</b>	<b>(154,764)</b>	<b>(43,245)</b>	<b>23,222</b>	<b>29,881</b>	<b>(84,712)</b>
<b>Fund Balances - July 1, 2014, As Restated</b>	<b>129,930</b>	<b>170,648</b>	<b>44,256</b>	<b>261,898</b>	<b>84,719</b>	<b>172,699</b>	<b>219,150</b>	<b>1,083,300</b>
<b>Fund Balances - June 30, 2015</b>	<b>\$ 70,854</b>	<b>\$ 283,115</b>	<b>\$ 51,059</b>	<b>\$ 107,134</b>	<b>\$ 41,474</b>	<b>\$ 195,921</b>	<b>\$ 249,031</b>	<b>\$ 998,588</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, 2015

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)	\$ (84,712)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$687,630) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$222,359). This is the amount by which capital outlays exceeded depreciation in the current period.	465,271
The net effect of various transactions involving capital assets (i.e., sales, loss on disposal of assets, capital grants and donations) is to increase net position. This amount is the donation of a capital asset.	67,642
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(97,556)
The issuance of long-term debt (\$45,584) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$101,449) 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.	55,865
Governmental funds report employer pension contributions as expenditures (\$47,198). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$47,714) is reported as pension expense.	(516)
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. This amount reflects the increase in the balances of these expenditures over last year.	<u>(4,863)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 401,131</u></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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Taxes:			
Property Taxes	\$ 1,788,586	\$ 1,777,246	\$ (11,340)
Delinquent Taxes - Interest	10,000	9,768	(232)
Delinquent Taxes - Penalty	14,000	11,442	(2,558)
Fish and Wildlife Pond Access PILOT	900	917	17
National Forest Payments	13,000	13,169	169
Current Use Program	65,000	71,777	6,777
Total Taxes	1,891,486	1,884,319	(7,167)
Licenses, Fines & Fees:			
Liquor Licenses	1,000	1,155	155
Dog Licenses	2,500	2,046	(454)
Dog Fines	300	474	174
Police Fines	6,000	5,573	(427)
Town Clerk Fees	31,000	29,966	(1,034)
Motor Vehicle Reg. Renewals	700	594	(106)
Zoning Fees	8,000	10,020	2,020
School Treasurer's Fee	1,500	1,500	0
Total Licenses, Fines & Fees	51,000	51,328	328
Recreation Department:			
Program Registration Fees	58,000	52,339	(5,661)
Town Appropriations - 4 Towns	9,000	9,000	0
Youth Center Event & Rental Income	1,000	1,000	0
Pottery Studio	12,000	14,026	2,026
Hall Rentals	2,250	4,441	2,191
Total Recreation Department	82,250	80,806	(1,444)
Highway Department:			
State Aid for Highways	95,000	96,054	1,054
Equipment Use - Water/Landfill	9,000	7,425	(1,575)
Garage Rent from Water Department	400	400	0
Miscellaneous	250	613	363
Total Highway Department	104,650	104,492	(158)
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	600	1,239	639
Act 60 Reimbursements	1,600	1,683	83
Total Reimbursements to Town	2,200	2,922	722
Recycling Revenue:			
Recyclable Material Payments	2,500	1,022	(1,478)
Recycling User Sticker Fees	10,000	4,388	(5,612)
Household Hazardous Waste	2,100	2,164	64
Total Recycling Revenue	14,600	7,574	(7,026)

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Other Revenues:			
Interest	\$ 1,000	\$ 752	\$ (248)
Parking Permit Fees	150	320	170
Miscellaneous Revenues	1,200	36	(1,164)
Tree Planting	0	500	500
FEMA Grant	0	32,450	32,450
Total Other Revenues	2,350	34,058	31,708
Total Revenue	2,148,536	2,165,499	16,963
Expenditures:			
General Expenses:			
Supplies	3,500	3,223	277
Furnishings	400	0	400
Equipment	5,000	4,029	971
Advertising	800	966	(166)
Postage	3,500	4,701	(1,201)
Telephone	1,500	2,431	(931)
Pub. Official & Empl. Practices Ins.	10,000	8,900	1,100
Landfill - Fees	1,400	1,400	0
Miscellaneous	1,500	1,277	223
Total General Expenses	27,600	26,927	673
Administrator's Office:			
Salaries	78,105	69,873	8,232
Additional Labor	400	0	400
FICA	6,006	5,852	154
Health Insurance	11,055	13,510	(2,455)
Retirement	5,419	5,147	272
Workers Compensation	230	171	59
Disability Insurance	1,000	796	204
Mileage	1,300	1,589	(289)
Training	300	235	65
Total Administrator's Office	103,815	97,173	6,642
Clerk/Treasurer's Office:			
Salaries	73,218	66,800	6,418
FICA	5,601	4,978	623
Health Insurance	9,935	15,628	(5,693)
Retirement	5,079	3,221	1,858
Workers Compensation	230	227	3
Disability Insurance	925	648	277
Training	300	347	(47)
Supplies	3,800	3,253	547
Software & Programming	1,100	944	156
Equipment	500	75	425
Postage	1,300	1,412	(112)
Telephone	1,300	1,639	(339)
Microfilming	525	422	103
Miscellaneous	200	202	(2)
Total Clerk/Treasurer's Office	104,013	99,796	4,217

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Listing Department:			
Salaries	\$ 13,170	\$ 15,037	\$ (1,867)
FICA	1,008	1,151	(143)
Workers Compensation	120	114	6
Mileage	300	211	89
Training	200	250	(50)
Supplies	500	306	194
Software	1,200	1,182	18
Equipment	300	298	2
Postage	250	119	131
Telephone	650	832	(182)
Legal Fees	500	0	500
Professional Fees	1,500	0	1,500
Map Maintenance	2,000	1,962	38
Miscellaneous	100	0	100
Total Listing Department	21,798	21,462	336
Planning & Zoning:			
Salaries	13,107	10,648	2,459
FICA	1,003	637	366
Retirement	250	236	14
Workers Compensation	120	113	7
Disability Insurance	50	33	17
Mileage	400	401	(1)
Training	100	60	40
Supplies	1,100	903	197
Advertising	600	298	302
Postage	500	595	(95)
Attorney Fees	8,000	5,625	2,375
Planning Services	8,000	8,658	(658)
Printing	1,000	657	343
Meetings	600	435	165
Street Map Printing	1,500	1,500	0
Total Planning & Zoning	36,330	30,799	5,531
Professional Fees:			
Attorney Fees	4,000	4,579	(579)
Audit Fees	19,000	21,905	(2,905)
Total Professional Fees	23,000	26,484	(3,484)
Town Report	2,100	2,100	0
Meetings & Elections:			
Election Workers	1,900	1,812	88
Election Supplies	4,300	4,418	(118)
Total Meetings & Elections	6,200	6,230	(30)

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Town Officers:			
Salaries	\$ 4,750	\$ 4,269	\$ 481
Collector of Delinquent Taxes	7,300	7,946	(646)
Conservation Commission	922	836	86
Energy Committee	150	207	(57)
FICA/MEDI	400	405	(5)
Training	200	0	200
Total Town Officers	13,722	13,663	59
Town Parks:			
Supplies	1,300	789	511
Electricity	1,000	1,123	(123)
Liability Insurance	1,600	1,328	272
Mowing	12,000	10,159	1,841
Maintenance	800	900	(100)
Sycamore Park Portolet	500	310	190
Tree Planting	800	1,284	(484)
Landfill Fees	2,000	2,000	0
Miscellaneous	200	0	200
Total Town Parks	20,200	17,893	2,307
Holley Hall:			
Supplies	900	547	353
Equipment	300	20	280
Heating Fuel	7,000	5,574	1,426
Electricity	3,900	4,109	(209)
Custodial	4,800	4,538	262
Building Maintenance	2,500	4,117	(1,617)
Liability Insurance	4,800	4,545	255
Holley Hall Renovation Bond	58,750	57,782	968
Sewer Fees	550	419	131
Water Fees	300	598	(298)
Total Holley Hall	83,800	82,249	1,551
Howden Hall:			
Supplies	200	278	(78)
Heating Fuel	2,000	2,436	(436)
Electricity	2,000	1,402	598
Telephone	450	554	(104)
Liability Insurance	3,200	3,217	(17)
Maintenance & Custodial	1,200	905	295
Coach House	50	0	50
Water Fees	275	245	30
Debt Service	8,033	8,047	(14)
Total Howden Hall	17,408	17,084	324

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:			
Dog Officer	\$ 2,000	\$ 1,606	\$ 394
FICA	153	123	30
Dog Pound	1,200	364	836
Street Lights	26,000	26,968	(968)
Town Traffic Control	10,000	10,000	0
Police Services - Outside District	4,000	3,915	85
Total Public Safety	43,353	42,976	377
Fire Department:			
Labor	22,000	21,746	254
FICA/MEDI	1,683	1,799	(116)
Dues	1,029	988	41
Training	2,500	2,589	(89)
OSHA Requirements	5,500	5,559	(59)
Supplies	7,700	8,591	(891)
Heating Fuel	8,300	6,935	1,365
Electricity	3,500	3,682	(182)
Propane	200	322	(122)
Gas & Oil	3,400	2,622	778
Telephone	1,300	1,348	(48)
Dispatching	3,000	2,969	31
Building Maintenance	2,500	1,621	879
Workers Compensation	2,000	5,923	(3,923)
Accident & Disability Insurance	2,600	2,315	285
Liability Insurance	7,700	6,920	780
Water Fees	240	257	(17)
Landfill Fees	120	120	0
Radios and Pagers	3,400	2,749	651
Hose Replacement	1,500	2,266	(766)
CTI Tower Lease	3,090	3,090	0
Firefighting Equipment Repairs	3,500	4,300	(800)
2007 Engine Tanker Repairs	1,000	582	418
Pumper - Hose Reel	500	558	(58)
1997 Engine One	1,200	2,205	(1,005)
Utility Vehicle Repair	850	1,547	(697)
Heavy Rescue Vehicle Repair	850	774	76
Storage Heavy Rescue	3,400	3,200	200
Brush Truck	500	833	(333)
Bond Payment - 2007 Eng. Tanker	35,124	35,124	0
Fire Prevention	500	305	195
Fire/Apparatus Pump Service & Testing	1,500	0	1,500
Fire/Uniforms & Apparel	700	941	(241)
Miscellaneous	200	107	93
Total Fire Department	133,086	134,887	(1,801)
Lawrence Memorial Library:			
Workers Compensation	230	227	3
Disability Insurance	370	594	(224)
Liability Insurance	2,300	2,300	0
Total Lawrence Memorial Library	2,900	3,121	(221)
Cemetery Care	3,300	2,582	718

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Other Debt Service & Transfers:			
Tax Anticipation Interest	\$ 1,000	\$ 83	\$ 917
Total Other Debt Service & Transfers	1,000	83	917
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,542	4,542	0
Addison County Tax	5,000	5,000	0
Addison County Economic Dev. Corp.	1,000	1,339	(339)
Vermont League of Cities & Towns	3,500	3,500	0
Christmas Committee	400	46	354
Fourth of July Bristol PD Expense	13,000	14,193	(1,193)
Chamber of Commerce	165	165	0
Total Dues, Taxes, Contributions	27,607	28,785	(1,178)
Municipal Solid Waste Program:			
Recycling Hauling Process	15,000	19,186	(4,186)
Recycling Labor	10,040	9,383	657
Recycling Manager's Salary	2,746	2,358	388
Worker's Compensation	700	611	89
FICA	978	180	798
Equipment Use	1,200	1,114	86
Household Hazardous Waste	10,000	20,480	(10,480)
Solid Waste Education Program	200	0	200
Solid Waste Planning	1,800	0	1,800
Electricity	540	500	40
Total Municipal Solid Waste Program	43,204	53,812	(10,608)
Highway Department:			
Personnel & Insurance:			
Salaries	237,500	232,509	4,991
Overtime	22,000	21,734	266
FICA/MEDI	19,852	19,295	557
Health Insurance	66,618	50,327	16,291
Retirement	18,003	17,782	221
Workers Compensation	14,500	14,757	(257)
Disability Insurance	3,000	2,694	306
Uniforms	1,500	1,440	60
Mileage	400	200	200
Training	600	872	(272)
Liability Insurance	12,200	12,661	(461)
Total Personnel & Insurance	396,173	374,271	21,902
Equipment:			
Supplies	14,500	14,785	(285)
Parts	11,000	10,957	43
Tires	5,000	6,000	(1,000)
Fuels	47,000	40,176	6,824
Oil, Anti-freeze	2,000	2,909	(909)
Purchases	2,500	2,474	26
Contracted Repairs	11,000	5,376	5,624
Equipment Rentals	500	0	500
Total Equipment	93,500	82,677	10,823

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Garage:			
Supplies	\$ 5,500	\$ 5,600	\$ (100)
Heating Fuels (Old Garage)	2,200	2,406	(206)
Propane (New Garage)	2,500	2,365	135
Electricity	3,200	2,800	400
Telephone	650	1,361	(711)
Pagers	650	617	33
Maintenance	2,500	1,107	1,393
Water Fees	275	263	12
Landfill Fees	200	200	0
Total Garage	17,675	16,719	956
Materials & Services:			
Road Gravel	22,000	20,217	1,783
Winter Sand	32,000	27,303	4,697
Salt	48,000	86,070	(38,070)
Chloride	22,000	21,983	17
Cold Patch	1,000	1,183	(183)
Culverts	4,000	4,834	(834)
Signs	3,000	2,964	36
Tree Work	5,000	2,175	2,825
Pavement Marking	1,000	0	1,000
Sidewalks	15,000	15,440	(440)
Guard Rail	2,000	2,350	(350)
Storm Drainage	1,000	130	870
Contracted Services	13,000	13,070	(70)
Miscellaneous	1,000	1,165	(165)
Total Materials & Services	170,000	198,884	(28,884)
Indebtedness			
Stormwater Bond (2010)	34,920	34,919	1
South Street Bridge Replacement	2,000	0	2,000
Total Indebtedness	36,920	34,919	2,001
Total Highway Department	714,268	707,470	6,798
Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	60,183	61,965	(1,782)
Contracted Labor	500	343	157
FICA	4,604	4,797	(193)
Health Insurance	25,534	18,618	6,916
Retirement	4,175	4,862	(687)
Workers Compensation	1,420	1,350	70
Disability Insurance	800	734	66
Liability Insurance	1,500	1,500	0
Mileage	400	93	307
Training	800	0	800
Supplies	1,000	1,087	(87)
Equipment	2,500	2,534	(34)
Advertising	1,300	1,386	(86)
Facilities Rent	1,200	819	381
Postage	350	93	257
Telephone	1,300	1,862	(562)

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Arts, Parks & Recreation Department/(Cont'd):			
Holley Hall Custodial	\$ 2,100	\$ 2,300	\$ (200)
Printing	1,500	1,580	(80)
Programs	39,000	26,335	12,665
Events	2,000	3,156	(1,156)
Annual Fees	300	292	8
Miscellaneous	300	190	110
Total General Recreation Department	152,766	135,896	16,870
Youth Center/Skate Park:			
Full Time Labor	30,600	30,258	342
Part Time Labor	11,669	9,393	2,276
FICA	3,234	3,173	61
Health Insurance	15,728	9,630	6,098
Retirement	2,932	2,165	767
Workers Compensation	1,420	1,349	71
Hub Rent to Recreation Club	7,200	6,200	1,000
Disability Insurance	500	418	82
Travel	300	300	0
Supplies	1,000	1,372	(372)
Food	2,200	1,853	347
Heat	1,800	3,286	(1,486)
Electricity	1,800	1,404	396
Telephone	1,100	1,173	(73)
Programs/Workshops	1,800	1,126	674
Trash Disposal	400	257	143
Water Fees	250	443	(193)
Maintenance	1,000	1,218	(218)
Total Youth Center/Skate Park	84,933	75,018	9,915
Pottery Studio:			
Labor	11,300	10,358	942
Supplies	700	1,180	(480)
Kiln	700	817	(117)
Heat	1,200	69	1,131
Electricity	350	387	(37)
Rent	7,200	6,325	875
Telephone	500	499	1
Total Pottery Studio	21,950	19,635	2,315
Total Arts, Parks & Recreation Department	259,649	230,549	29,100
Voted Appropriations:			
Capital Equipment Fund	80,000	80,000	0
Capital Fire Equipment Fund	15,000	15,000	0
Capital Building Fund	20,000	20,000	0
Capital Road Fund	35,000	35,000	0
Capital Road Fund - Paving	95,000	95,000	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

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2015

	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	10,105	10,105	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	12,000	12,000	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>490,183</u>	<u>490,183</u>	<u>0</u>
Voted Transfers:			
Capital Building Fund	20,000 *	20,000	0
Capital Road Fund	20,000 *	20,000	0
Capital Equipment Fund	5,000 *	5,000	0
Total Voted Transfers	<u>45,000</u>	<u>45,000</u>	<u>0</u>
FEMA Expenses	<u>0</u>	<u>43,267</u>	<u>(43,267)</u>
Total Expenditures	<u>2,223,536</u>	<u>2,224,575</u>	<u>(1,039)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>(75,000)</u>	(59,076)	\$ <u>15,924</u>
Fund Balance - July 1, 2014		<u>129,930</u>	
Fund Balance - June 30, 2015		<u>\$ 70,854</u>	

\* Budget Amendments

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property Taxes	\$ 332,956	\$ 332,956	\$ 0
Detail Revenues	3,300	13,336	10,036
Town Traffic Patrol Contract	10,000	10,000	0
MAUHS Contract	5,000	8,030	3,030
Non-District Service Fees	4,000	4,578	578
Fines	9,500	7,610	(1,890)
Towing	1,000	645	(355)
Miscellaneous	500	695	195
Transfer In	<u>0</u>	<u>2,211</u>	<u>2,211</u>
Total Revenue	<u>366,256</u>	<u>380,061</u>	<u>13,805</u>
Expenditures:			
Full-time Labor	155,097	153,048	2,049
Part-time Labor	17,500	23,750	(6,250)
Detail Labor	3,000	9,743	(6,743)
Clerical	3,325	1,514	1,811
Administrator	5,100	4,653	447
Overtime	16,000	19,245	(3,245)
FICA/MEDI	15,302	16,918	(1,616)
Health Insurance	38,650	30,909	7,741
State Retirement	12,432	12,921	(489)
Worker's Compensation	6,800	6,706	94
Disability Insurance	2,000	1,903	97
Uniforms	2,000	1,129	871
Training	2,500	2,278	222
Computer	1,000	1,484	(484)
Office Supplies	1,000	2,667	(1,667)
Equipment	1,000	641	359
General Supplies	750	865	(115)
Vehicle Gas/Oil	9,500	9,315	185
Advertising	0	69	(69)

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TOWN OF BRISTOL, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
POLICE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:/(Cont'd)			
Vehicle Maintenance	\$ 6,500	\$ 3,228	\$ 3,272
Facility Expenses	35,000	37,097	(2,097)
Postage	250	150	100
Communications	8,000	7,989	11
Towing	800	630	170
Insurance	11,000	12,836	(1,836)
Capital Vehicle Reserve	9,000	9,000	0
Capital Equipment Reserve	2,000	2,000	0
Art Facility	0	83	(83)
Miscellaneous	750	487	263
Total Expenditures	<u>366,256</u>	<u>373,258</u>	<u>(7,002)</u>
Excess of Revenue Over Expenditures	\$ <u>0</u>	6,803	\$ <u>6,803</u>
Fund Balance - July 1, 2014		<u>44,256</u>	
Fund Balance - June 30, 2015		\$ <u>51,059</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Water Fund	Sewer Fund	Landfill Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 60,516	\$ 16,846	\$ 211,217	\$ 288,579
Investments	0	0	406,792	406,792
Receivables (Net of Allowance for Uncollectible Accounts)	57,732	14,981	2,470	75,183
Due from Other Funds	0	0	6,733	6,733
Prepaid Expenses	1,570	0	0	1,570
Total Current Assets	<u>119,818</u>	<u>31,827</u>	<u>627,212</u>	<u>778,857</u>
Noncurrent Assets:				
Capital Assets				
Construction in Progress	15,255	0	0	15,255
Plant and Equipment	2,361,509	583,262	63,187	3,007,958
Accumulated Depreciation	<u>(928,150)</u>	<u>(247,889)</u>	<u>(56,687)</u>	<u>(1,232,726)</u>
Total Noncurrent Assets	<u>1,448,614</u>	<u>335,373</u>	<u>6,500</u>	<u>1,790,487</u>
Total Assets	<u>\$ 1,568,432</u>	<u>\$ 367,200</u>	<u>\$ 633,712</u>	<u>\$ 2,569,344</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 6,504	\$ 2,156	\$ 3,396	\$ 12,056
Accrued Interest Payable	2,989	305	0	3,294
Unearned Revenue	1,498	0	67	1,565
Due to Other Funds	87,293	3,051	0	90,344
Landfill - Estimated Closure Costs	0	0	748,000	748,000
General Obligation Bonds Payable - Current Portion	34,407	8,833	0	43,240
Notes Payable - Current Portion	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
Total Current Liabilities	<u>147,691</u>	<u>14,345</u>	<u>751,463</u>	<u>913,499</u>
Noncurrent Liabilities:				
Compensated Absences Payable	465	203	289	957
Landfill - Estimated Post-Closure Costs	0	0	349,200	349,200
General Obligation Bonds Payable - Noncurrent Portion	<u>825,932</u>	<u>84,072</u>	<u>0</u>	<u>910,004</u>
Total Noncurrent Liabilities	<u>826,397</u>	<u>84,275</u>	<u>349,489</u>	<u>1,260,161</u>
Total Liabilities	<u>974,088</u>	<u>98,620</u>	<u>1,100,952</u>	<u>2,173,660</u>
<u>NET POSITION/(DEFICIT)</u>				
Net Investment in Capital Assets	573,275	242,468	6,500	822,243
Unrestricted	<u>21,069</u>	<u>26,112</u>	<u>(473,740)</u>	<u>(426,559)</u>
Total Net Position/(Deficit)	<u>594,344</u>	<u>268,580</u>	<u>(467,240)</u>	<u>395,684</u>
Total Liabilities and Net Position	<u>\$ 1,568,432</u>	<u>\$ 367,200</u>	<u>\$ 633,712</u>	<u>\$ 2,569,344</u>

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, 2015

	Water Fund	Sewer Fund	Landfill Fund	Total
Operating Revenues:				
Charges for Services	\$ 257,734	\$ 36,086	\$ 132,377	\$ 426,197
Other Income	<u>1,122</u>	<u>2,500</u>	<u>4,005</u>	<u>7,627</u>
Total Operating Revenues	<u>258,856</u>	<u>38,586</u>	<u>136,382</u>	<u>433,824</u>
Operating Expenses:				
Operations	152,271	26,201	111,149	289,621
Closure and Post Closure Expense	0	0	100,583	100,583
Depreciation	<u>54,909</u>	<u>14,581</u>	<u>39,520</u>	<u>109,010</u>
Total Operating Expenses	<u>207,180</u>	<u>40,782</u>	<u>251,252</u>	<u>499,214</u>
Operating Income/(Loss)	<u>51,676</u>	<u>(2,196)</u>	<u>(114,870)</u>	<u>(65,390)</u>
Non-Operating Revenues/(Expenses):				
Investment Income	171	24	927	1,122
Interest Expense	<u>(31,717)</u>	<u>(3,741)</u>	<u>0</u>	<u>(35,458)</u>
Total Non-Operating Revenues (Expenses)	<u>(31,546)</u>	<u>(3,717)</u>	<u>927</u>	<u>(34,336)</u>
Net Income/(Loss) Before Capital Contributions and Transfers	<u>20,130</u>	<u>(5,913)</u>	<u>(113,943)</u>	<u>(99,726)</u>
Capital Contributions and Transfers:				
Capital Contributions	10,595	0	0	10,595
Transfers In	78,484	0	20,000	98,484
Transfers Out	<u>(2,500)</u>	<u>0</u>	<u>(78,484)</u>	<u>(80,984)</u>
Total Capital Contributions and Transfers	<u>86,579</u>	<u>0</u>	<u>(58,484)</u>	<u>28,095</u>
Change in Net Position	106,709	(5,913)	(172,427)	(71,631)
Net Position/(Deficit) - July 1, 2014	<u>487,635</u>	<u>274,493</u>	<u>(294,813)</u>	<u>467,315</u>
Net Position/(Deficit) - June 30, 2015	<u>\$ 594,344</u>	<u>\$ 268,580</u>	<u>\$ (467,240)</u>	<u>\$ 395,684</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, 2015

	Water Fund	Sewer Fund	Landfill Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 244,267	\$ 27,800	\$ 133,278	\$ 405,345
Receipts of Other Income	1,122	2,500	4,005	7,627
Payments for Wages and Benefits	(8,714)	(2,651)	(29,719)	(41,084)
Payments for Goods and Services	<u>(136,924)</u>	<u>(21,245)</u>	<u>(77,866)</u>	<u>(236,035)</u>
Net Cash Provided by Operating Activities	<u>99,751</u>	<u>6,404</u>	<u>29,698</u>	<u>135,853</u>
Cash Flows From Noncapital Financing Activities:				
(Decrease)/Increase in Due to Other Funds	(4,468)	3,051	154,722	153,305
Decrease/(Increase) in Due from Other Funds	0	3,299	20,000	23,299
Transfers from Other Funds	0	0	0	0
Transfers to Other Funds	<u>(2,500)</u>	<u>0</u>	<u>0</u>	<u>(2,500)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(6,968)</u>	<u>6,350</u>	<u>174,722</u>	<u>174,104</u>
Cash Flows From Capital and Related Financing Activities:				
Capital Contributions	10,595	0	0	10,595
Acquisition and Construction of Capital Assets	(122,709)	0	0	(122,709)
Principal Paid on General Obligation Bonds	(33,484)	(8,499)	0	(41,983)
Principal Paid on Notes Payable	(15,000)	0	0	(15,000)
Interest Paid on General Obligation Bonds	(33,928)	(4,100)	0	(38,028)
Interest Paid on Notes Payable	<u>(704)</u>	<u>0</u>	<u>0</u>	<u>(704)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(195,230)</u>	<u>(12,599)</u>	<u>0</u>	<u>(207,829)</u>
Cash Flows From Investing Activities:				
Receipt of Interest and Dividends	<u>171</u>	<u>24</u>	<u>927</u>	<u>1,122</u>
Net Cash Provided by Investing Activities	<u>171</u>	<u>24</u>	<u>927</u>	<u>1,122</u>
Net Increase/(Decrease) in Cash	(102,276)	179	205,347	103,250
Cash - July 1, 2014	<u>162,792</u>	<u>16,667</u>	<u>5,870</u>	<u>185,329</u>
Cash - June 30, 2015	<u><u>\$ 60,516</u></u>	<u><u>\$ 16,846</u></u>	<u><u>\$ 211,217</u></u>	<u><u>\$ 288,579</u></u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 51,676	\$ (2,196)	\$ (114,870)	\$ (65,390)
Depreciation	54,909	14,581	39,520	109,010
(Increase)/Decrease in Accounts Receivable	(13,032)	(8,069)	834	(20,267)
(Increase)/Decrease in Prepaid Expenses	(45)	0	0	(45)
Increase/(Decrease) in Accounts Payable	6,504	2,156	3,396	12,056
Increase/(Decrease) in Unearned Revenue	(435)	(217)	67	(585)
Increase/(Decrease) in Compensated Absences Payable	174	149	168	491
Increase/(Decrease) in Landfill Estimated Closure Cost Liability	<u>0</u>	<u>0</u>	<u>100,583</u>	<u>100,583</u>
Net Cash Provided by Operating Activities	<u><u>\$ 99,751</u></u>	<u><u>\$ 6,404</u></u>	<u><u>\$ 29,698</u></u>	<u><u>\$ 135,853</u></u>

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

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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 activity of the Town of Bristol, Vermont. The financial 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 impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other 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, 2015

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, 2015

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, 2015

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.

#### **F. New Pronouncement – Pension Plans**

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**5. Pensions**

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

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**6. 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.

**7. 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 has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities reports deferred outflows of resources from one source; deferred outflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

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 two (2) types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related. The governmental funds report deferred inflows of resources 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 future periods that the amounts become available or to which the inflows are related.

**8. 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.

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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.

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

## 9. Compensated Absences

**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.

## 10. Long-term Liabilities

Long-term liabilities include bonds payable, notes payable and other obligations such as the Landfill estimated closure and post-closure liability, compensated absences and the Town's net pension liability. 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 liabilities on their balance sheets.

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**11. 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.

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 an other 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.

Pension-related liabilities arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

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**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. The budget was amended at the March 2, 2015 Town meeting.

**B. Budgeted Deficit**

The Town elected to budget expenditures in excess of revenues by \$30,000 in the General Fund in order to reduce taxes as approved by the voters at the March 3, 2014 Town meeting. The Town elected to budget an additional \$45,000 of expenditures at the March 2, 2015 Town meeting as noted in the preceding paragraph. The total amount of budgeted expenditures in excess of budgeted revenues in the General Fund is \$75,000. This is reflected as a current year's budgetary excess of expenditures over revenues in Exhibit F.

**C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2015, the Town expended \$1,039 more than appropriated in the General Fund and \$7,002 more than appropriated in the Police Fund. These overexpenditures were funded by available fund balance and excess revenues.

**D. Restatement of Net Position/Fund Balances**

Effective June 30, 2015, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans" – An amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as well as additional disclosures and required supplemental information.

As a result of adopting this new accounting principle, beginning net position of the Governmental Activities was reduced by \$92,813 resulting from the proportionate share of the net pension liability of \$139,120 at June 30, 2014 net of the deferred outflows of resources of \$46,307 of required contributions made during fiscal year 2014.

Due to the correction of an error, beginning net position of the Governmental Activities was increased by \$32,151 resulting from the understatement of a deposit on an asset. The effect of this correction on the Governmental Activities is to increase deposits and net position by \$32,151. The effect on the Statement of Activities is to decrease Public Works expenditures by \$32,151 and increase the change in net position by \$32,151.

The Governmental Activities net position has been restated from \$4,004,641 to \$3,943,979.

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The fund balances in the following funds were restated as follows:

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total
Fund Balance - June 30, 2014 As Originally Reported	\$ 154,952	\$ 170,648	\$ 44,256	\$ 229,747	\$ 84,719	\$ 147,677	\$ 219,150	\$ 1,051,149
Correction of Errors:								
Understatement of Deposit	0	0	0	32,151	0	0	0	32,151
Correction of Salt Purchases	<u>(25,022)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,022</u>	<u>0</u>	<u>0</u>
Fund Balance - June 30, 2014 As Restated	<u>\$ 129,930</u>	<u>\$ 170,648</u>	<u>\$ 44,256</u>	<u>\$ 261,898</u>	<u>\$ 84,719</u>	<u>\$ 172,699</u>	<u>\$ 219,150</u>	<u>\$ 1,083,300</u>

The effect of the adjustment on the Capital Equipment Fund Balance Sheet as of June 30, 2014 is to increase deposits and fund balance by \$32,151. The effect on the 2014 Statement of Revenues, Expenditures and Changes in Fund Balances is to decrease public works expenditures by \$32,151 and increase the net change in fund balances by \$32,151.

The effect of the correction of salt purchases on the General Fund Balance Sheet as of June 30, 2014 is to decrease fund balance and due to other funds by \$25,022. The effect on the General Fund 2014 Statement of Revenues, Expenditures and Changes in Fund Balances is to increase public works expenditures by \$25,022 and decrease the net change in fund balances by \$25,022.

The effect of the correction of salt purchases on the Capital Roads Fund Balance Sheet as of June 30, 2014 is to increase fund balance and due from other funds by \$25,022. The effect on the Capital Roads Fund 2014 Statement of Revenues, Expenditures and Changes in Fund Balances is to decrease public works expenditures by \$25,022 and increase the net change in fund balances by \$25,022.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Cash and Investments

The Town's cash and investments as of June 30, 2015 consisted of the following:

Cash:

Deposits with Financial Institutions	\$1,108,156
Cash on Hand	<u>1,071</u>
Total Cash	<u>1,109,227</u>

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Investments:

Investments – Certificates of Deposit	\$ <u>544,476</u>
Total Investments	<u>544,476</u>
Total Cash and Investments	<u>\$1,653,703</u>

The Town has four (4) certificates of deposit with the Peoples United Bank in the amounts of \$18,387, \$81,000, \$81,896 and \$81,896 with interest rates of 0.4%, 0.4%, 0.3% and 0.3% and maturity dates of September 9, 2016, September 21, 2015, September 30, 2015, and September 28, 2015, respectively. The certificates of deposit with Peoples United Bank that have matured after year end were not renewed. The Town also has a certificate of deposit with the Merchants Bank in the amount of \$119,297 with an interest rate of 0.1% and a maturity date of December 5, 2015. 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.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC	\$1,079,997	\$1,185,684
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>572,635</u>	<u>728,097</u>
Total	<u>\$1,652,632</u>	<u>\$1,913,781</u>



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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	\$1,108,156
Investments – Certificates of Deposit	<u>544,476</u>
Total Deposits	<u>\$1,652,632</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.

### **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.

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**B. Receivables**

Receivables at June 30, 2015, 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	\$ 80,957	\$ 0	\$ 80,957
Penalties and Interest	10,547	0	10,547
Accounts Receivable	6,851	2,470	9,321
Grants Receivable	39,954	0	39,954
Billed Services	5,882	56,720	62,602
Unbilled Services	0	15,993	15,993
Total	<u>\$ 144,191</u>	<u>\$ 75,183</u>	<u>\$ 219,374</u>

**C. Loans Receivable**

Loans Receivable at June 30, 2015 consists of a number of loans for community development as follows:

Notes Receivable, 9 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 0% to 5.0%, Maturity Dates Ranging from May 1, 2016 through September 1, 2023 All Secured by Business Assets. \$ 404,480

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

<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2015</u>
<u>\$508,803</u>	<u>\$ 27,585</u>	<u>\$131,908</u>	<u>\$404,480</u>

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2015 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	73,372	67,167	0	140,539
Total Capital Assets, Not Being Depreciated	<u>166,772</u>	<u>67,167</u>	<u>0</u>	<u>233,939</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,504,725	95,027	0	1,599,752
Furniture and Equipment	589,031	21,807	0	610,838
Vehicles	1,058,598	224,043	20,939	1,261,702
Infrastructure	2,020,367	347,228	0	2,367,595
Totals	<u>5,172,721</u>	<u>688,105</u>	<u>20,939</u>	<u>5,839,887</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	213,960	43,255	0	257,215
Furniture and Equipment	390,151	35,195	0	425,346
Vehicles	759,408	90,123	20,939	828,592
Infrastructure	190,327	53,786	0	244,113
Totals	<u>1,553,846</u>	<u>222,359</u>	<u>20,939</u>	<u>1,755,266</u>
Total Capital Assets, Being Depreciated	<u>3,618,875</u>	<u>465,746</u>	<u>0</u>	<u>4,084,621</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,785,647</u>	<u>\$ 532,913</u>	<u>\$ 0</u>	<u>\$ 4,318,560</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 0	\$ 15,255	\$ 0	\$ 15,255
Total Capital Assets, Not Being Depreciated	<u>0</u>	<u>15,255</u>	<u>0</u>	<u>15,255</u>
Capital Assets, Being Depreciated:				
Water and Sewer Systems	2,783,559	107,454	0	2,891,013
Roads	29,650	0	0	29,650
Equipment	52,931	0	0	52,931
Vehicles	34,364	0	0	34,364
Totals	<u>2,900,504</u>	<u>107,454</u>	<u>0</u>	<u>3,007,958</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,059,255	71,373	0	1,130,628
Roads	7,041	22,609	0	29,650
Equipment	23,056	15,028	0	38,084
Vehicles	34,364	0	0	34,364
Totals	<u>1,123,716</u>	<u>109,010</u>	<u>0</u>	<u>1,232,726</u>
Total Capital Assets, Being Depreciated	<u>1,776,788</u>	<u>(1,556)</u>	<u>0</u>	<u>1,775,232</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,776,788</u>	<u>\$ 13,699</u>	<u>\$ 0</u>	<u>\$ 1,790,487</u>

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Depreciation expense is charged to functions as follows:

Governmental Activities:

General Government	\$ 30,675
Public Works	134,417
Public Safety	50,361
Recreation	<u>6,906</u>
Total Governmental Activities	<u>\$222,359</u>

Business-Type Activities

Water	\$ 54,909
Sewer	14,581
Landfill	<u>39,520</u>
Total Business-Type Activities	<u>\$ 109,010</u>

**E. Interfund Balances and Activity**

The Due To/From balances as of June 30, 2015 are as follows:

<u><b>Fund</b></u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 46,306
Police Fund	51,071	0
Capital Equipment Fund	4,003	0
Capital Building Fund	3,917	0
Capital Roads Fund	81,162	0
Other Governmental Funds	0	10,236
Water Fund	0	87,293
Sewer Fund	0	3,051
Landfill Fund	<u>6,733</u>	<u>0</u>
Total	<u>\$ 146,886</u>	<u>\$ 146,886</u>

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Interfund transfers during the year ended June 30, 2015 were as follows:

Transfer From	Amount	Transfer To	Amount	Purpose
General Fund	\$ 80,000	Capital Equipment Fund	\$ 80,000	Annual Funding for Highway Equipment
General Fund	15,000	Capital Equipment Fund	15,000	Annual Funding for Fire Equipment
General Fund	5,000	Capital Equipment Fund	5,000	Annual Appropriation for Technology Equipment
General Fund	20,000	Capital Building Fund	20,000	Annual Funding
General Fund	20,000	Capital Building Fund	20,000	Additional Appropriation
General Fund	95,000	Capital Roads Fund	95,000	Annual Funding for Paving
General Fund	35,000	Capital Roads Fund	35,000	Annual Funding for Road Construction
General Fund	10,000	Conservation Fund	10,000	Annual Funding
General Fund	5,000	Reappraisal Fund	5,000	Annual Funding
General Fund	150	Walmart Grant Fund	150	Close Fund
General Fund	20,000	Landfill Fund	20,000	Additional Appropriation
DUI 2014 Fund	268	Police Fund	268	Close Fund
OP 2014 Fund	1,943	Police Fund	1,943	Close Fund
Police Fund	9,000	Capital Equipment Fund	9,000	Annual Funding for Vehicle Replacement
Police Fund	2,000	Capital Equipment Fund	2,000	Annual Funding for Police Equipment
Water Fund	2,500	Capital Roads Fund	2,500	Matching Construction Expenses
Landfill Fund	<u>78,484</u>	Water Fund	<u>78,484</u>	Transfer of Capital Asset
Total	\$ <u>399,345</u>		\$ <u>399,345</u>	

## F. Unearned Revenue

Unearned Revenue in the Other Governmental Funds consists of \$6,530 of grant revenue received in advance. This money will be earned as the grant expenditures occur.

Unearned Revenue in the Water Fund consists of \$1,498 of water fees received in advance. This revenue will be earned as the water fees are billed.

Unearned Revenue in the Landfill Fund consists of \$67 of landfill fees received in advance. This revenue will be earned as the landfill fees are billed.

## G. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$47,198 of required employer pension contributions made subsequent to the measurement date, related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) as further described in Note V.A.

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**H. Deferred Inflows of Resources**

Deferred inflows of resources in the Governmental Activities consists of \$5,755 of prepaid property taxes and \$107,763 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$113,518.

Deferred Inflows of Resources in the General Fund consists of \$60,039 of delinquent property taxes, penalties and interest on those taxes that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, as well as \$5,755 of prepaid property taxes. Total Deferred Inflows of Resources in the General Fund is \$65,794.

Deferred Inflows of Resources in the Revolving Loan Fund consists of \$393,800 of loans receivable that were 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 Revolving Loan Fund is \$393,800.

Deferred Inflows of Resources in the Other Governmental Funds consists of \$34,225 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 \$34,225.

**I. Landfill 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. Subsequent to year end, the Town closed the landfill.

The following is an analysis of the calculations utilized in these financial statements:

Estimated closure costs	\$ <u>748,000</u>
Estimated post-closure costs per year	\$ 11,640
Years to maintain	<u>30</u>
Estimated Post-Closure Costs	\$ <u>349,200</u>
Total Liability for current costs of closure and post-closure at June 30, 2015	\$ <u><u>1,097,200</u></u>

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**J. 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.

Net Pension Liability - The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements.

The following is a summary of changes in the bonds and notes payable for the year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Governmental Activities:</u>				
Note Payable, Peoples United Bank, 2011 Holley Hall Improvements, Interest at 1.95%, Matures April 27, 2015. The Town Plans to Renew this Note Annually and Reduce the Principal by \$10,000 per Year Over the Next Six (6) Years	\$ 70,000	\$ 0	\$ 10,000	\$ 60,000

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
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	\$ 150,000	\$ 0	\$ 30,000	\$ 120,000
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	560,000	0	30,000	530,000
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	35,000	0	7,000	28,000
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%	523,515	0	24,449	499,066



TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Line of Credit, Peoples United Bank, South Street Bridge, Authorized to \$150,000, \$67,952 Still Available, Interest at 1.6%, Due September 15, 2015 at which time the Line of Credit Was Extended to September 15, 2016. The Town will Refinance this Line of Credit with Bond Proceeds	\$ <u>36,464</u>	\$ <u>45,584</u>	\$ <u>0</u>	\$ <u>82,048</u>
Total Governmental Activities	<u>1,374,979</u>	<u>45,584</u>	<u>101,449</u>	<u>1,319,114</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	70,000	0	10,000	60,000
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	101,404	0	8,499	92,905
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	823,823	0	23,484	800,339

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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

	\$ <u>30,000</u>	\$ <u>0</u>	\$ <u>15,000</u>	\$ <u>15,000</u>
Total Business-Type Activities	<u>1,025,227</u>	<u>0</u>	<u>56,983</u>	<u>968,244</u>
Total Long-Term Debt	<u>\$2,400,206</u>	<u>\$45,584</u>	<u>\$ 158,432</u>	<u>\$2,287,358</u>

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	\$ 1,233,515	\$ 0	\$ 84,449	\$ 1,149,066	\$ 84,938
Note Payable	105,000	0	17,000	88,000	17,000
Line of Credit	36,464	45,584	0	82,048	0
Compensated Absences	38,667	6,549	0	45,216	0
Net Pension Liability	139,120	0	106,356	32,764	0
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 1,552,766</u>	<u>\$ 52,133</u>	<u>\$ 207,805</u>	<u>\$ 1,397,094</u>	<u>\$ 101,938</u>
<b>Business-type Activities</b>					
General Obligation Bonds	\$ 995,227	\$ 0	\$ 41,983	\$ 953,244	\$ 43,240
Note Payable	30,000	0	15,000	15,000	15,000
Compensated Absences	466	491	0	957	0
Landfill Estimated Closure and Post Closure Costs	<u>996,617</u>	<u>100,583</u>	<u>0</u>	<u>1,097,200</u>	<u>748,000</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 2,022,310</u>	<u>\$ 101,074</u>	<u>\$ 56,983</u>	<u>\$ 2,066,401</u>	<u>\$ 806,240</u>

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	66,994	12,478	48,782	29,324
2021-2025	323,286	48,601	215,202	120,070
2026-2030	333,200	20,925	194,098	81,558
2031-2035	102,800	600	235,357	39,548
2036-2040	N/A	N/A	78,800	2,622
Unknown	82,048	N/A	N/A	N/A
Total	\$ <u>1,319,114</u>	\$ <u>150,621</u>	\$ <u>968,244</u>	\$ <u>408,034</u>

#### 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.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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	\$ <u>22,510</u>
Total Major Funds	<u>22,510</u>

Non-Major Funds

Nonspendable Martha Parker Fund by Bequest	<u>17,700</u>
Total	\$ <u>40,210</u>

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

Major Funds

Restricted for Revolving Loan Fund by Grant Agreement	\$283,115
Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>51,059</u>
Total Major Funds	<u>334,174</u>

Non-Major Funds

Restricted for Record Restoration Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	21,907
Restricted for Recreation Department Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	1,063

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Restricted for Howden Hall Expenditures by Donations And Grant Agreements (Source of Revenue is Donations and Grant Revenue)	\$ 1,215
Restricted for Peveril Peake Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	4,501
Restricted for Conservation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	22,036
Restricted for Prince Lane Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	13,925
Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	12,857
Restricted for Vermont Coalition of Teen Center Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	514
Restricted for Charter Foundation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	6,493
Restricted for United Way of Addison County Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	10,148
Restricted for Holley Hall Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	3,419
Restricted for Various Other Governmental Funds for Various Purposes by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	<u>1,973</u>
Total Non-Major Funds	<u>100,051</u>
Total Restricted Fund Balances	<u>\$434,225</u>

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

Major Funds:

Capital Equipment Fund - Assigned for Capital Equipment Expenses	\$107,134
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TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Capital Building Fund - Assigned for Capital Building Expenses	\$ 41,474
Capital Roads Fund - Assigned for Capital Road Expenses	<u>195,921</u>
Total Major Funds	<u>344,529</u>

Non-Major Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	188,594
Assigned for Lister Education Expenses (Source of Revenue is Grant Revenue)	1,955
Assigned Youth Lacrosse Expenses (Source of Revenue is Recreation Fees)	<u>314</u>
Total Non-Major Funds	<u>190,863</u>
Total Assigned Fund Balances	<u>\$535,392</u>

The Other Governmental Funds unrestricted deficits of \$290, \$28,119, \$28,753, \$123, and \$2,298 in the Youth Football Fund, the Village Green Fund, the South Street Bridge Fund, the Dental Care Fund, and the Governor's Highway Safety Program Equipment Incentive Fund, respectively, will be funded with future grant revenue, bond proceeds, or transfers.

**L. Net Position**

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

Restricted for Revolving Loan Expenditures	\$676,915
Restricted for Police Expenditures	51,059
Restricted for Martha Parker Fund Expenditures	17,700
Restricted for Various Other Governmental Expenditures	<u>134,276</u>
Total Restricted Net Position	<u>\$879,950</u>

The unrestricted deficit of \$473,740 in the Landfill Fund will be funded with the proceeds of debt.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**V. OTHER INFORMATION**

**A. PENSION PLAN**

**Defined Benefit Plan**

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

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

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net pension liability of \$9,126,613. As of June 30, 2015, the Town's proportionate share of this was .359% resulting in a liability of \$32,764. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2014, the Town's proportion of .359% was a decrease of 0.0231 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$47,714.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

As of June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on pension plan investments	\$ 0	\$ 107,763
Town's required employer contribution made subsequent to the measurement date	<u>47,198</u>	<u>0</u>
	\$ <u>47,198</u>	\$ <u>107,763</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$47,198 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2016	\$ 21,553
2017	21,552
2018	21,553
2019	21,552
2020	<u>21,553</u>
Total	<u>\$107,763</u>

### Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group C provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group C – Average annual compensation during highest three (3) consecutive years.



TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Service Retirement Allowance:

Eligibility – Group C – Age 55 with five (5) years of service.

Amount – Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group C member times AFC.

Maximum benefit is 50% of AFC for Group C. The previous amounts include the portion of the allowance provided by member contributions.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Group C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement - For Group C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

Refund of Contribution - Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments - Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Group C.

Member Contributions - Group C – 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%)

Employer Contributions - Group C – 6.875% from July 1, 2014 to December 31, 2014 (increased from 6.625%) and then 7.0% effective January 1, 2015.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Retirement Stipend - \$25 per month payable at the option of the Board of Trustees.

**Significant Actuarial Assumptions and Methods**

Interest Rate - A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary increases - 5% per year.

**Deaths:**

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

Spouse's Age: - Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants - Assumed to occur at the rate of 1.8% per annum for Group C members.

Actuarial Cost Method - Entry Age Normal - Level Percentage of Pay.

Asset Valuation Method - Invested assets are reported at fair value.

Note – For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Inflation- The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate - The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

<u>1% Decrease (7.23%)</u>	<u>Discount Rate (8.23%)</u>	<u>1% Increase (9.23%)</u>
\$276,041	\$32,764	\$(171,316)

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**Additional Information**

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

**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, 2015 were \$8,078.

**C. PROPERTY TAXES**

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. The tax bills are due in two installments in November and April. 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 2015 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.6425	1.6986
General	.1793	.1793
Highway	.2137	.2137
Recreation	.0622	.0622
Police	.2930	.2930
Special Articles	.1718	.1718
Local Agreement	<u>.0056</u>	<u>.0056</u>
Total Tax Rate/per \$100 of Assessed Valuation	<u>2.5681</u>	<u>2.6242</u>

TOWN OF BRISTOL, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**D. LEASES**

The Town's Police Department entered into an operating lease for office space in 2014. The lease is for ten (10) years. Lease expense for the fiscal year 2015 was \$31,716. Future minimum lease payments are as follows:

2016	\$ 34,219
2017	36,469
2018	37,031
2019	37,031
2020	37,031
2021-2024	<u>144,305</u>
Total	<u>\$326,086</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, 2015 was \$47,311.

**F. SUBSEQUENT EVENTS**

The Town closed the landfill on August 1, 2015 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 \$1,097,200. The Town has set aside \$406,792 in the closure fund as of June 30, 2015. The Town has requested the State appropriate funds to assist in the closure. The Town, in conjunction with the State, is 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.

On July 7, 2015, the Town voters passed a vote to build a fire station. The bond shall not exceed \$3,190,000. The Town has not currently come to an agreement with a lending agency on the terms of the bond.

TOWN OF BRISTOL, VERMONT  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2015

	<u>2015</u>
Total Plan Net Pension Liability	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3590%
Town's Proportionate Share of the Net Pension Liability	\$ 32,764
Town's Covered Employee Payroll	\$ 682,595
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	4.7999%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.32% as of June 30, 2014

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 47,351
Contributions in Relation to the Actuarially Determined Contributions	<u>47,351</u>
Contribution Excess/(Deficiency)	\$ <u><u>0</u></u>
Town's Covered Employee Payroll	\$ 682,595
Contributions as a Percentage of Town's Covered Employee Payroll	6.937%

**Notes to Schedule**

Valuation Date: June 30, 2014

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015, 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 February 5, 2016.

### ***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 15-1 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 February 5, 2016.

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

The Town of Bristol, Vermont's response to the deficiency in internal control 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.

February 5, 2016  
Montpelier, Vermont  
VT Lic. #92-000180

*Sullivan, Powers & Company*

TOWN OF BRISTOL, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2015

Deficiencies in Internal Control:

Material Weaknesses:

15-1 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 Response:*

The Treasurer's Office has implemented a year end procedure to evaluate and review all active funds as of June 30 to determine if booking any accounts receivable, deferred revenue, or related revenues needs to be addressed.