

TOWN OF BRISTOL, VERMONT

AUDIT REPORT

JUNE 30, 2017

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT REPORT
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Independent Auditor's Report

Selectboard
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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, 2017, 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'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'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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Police Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6, 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 6, 2018 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 6, 2018
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

Management's Discussion and Analysis

As management of the Town of Bristol, Vermont, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year end June 30, 2017. 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 positive General Fund balance of \$212,152 as of June 30, 2017. The Revolving Loan Fund continues to operate with a positive fund balance of \$139,015. That fund also increased their loans receivable by \$48,845, putting money back into the community. The Police fund operates with a positive fund balance of \$21,789.

Government-wide Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$6,454,718 compared to \$6,179,087 at June 30, 2016. Of this amount \$5,584,058 represents governmental activities and \$870,660 represents our water and sewer funds (enterprise funds). Of these amounts, \$370,039 of governmental funds is unrestricted net position and may be used to meet future obligations of the Town.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,294,020, an increase of \$28,357 over the prior year. Of the total fund balance \$1,064,405 represents amounts restricted, committed or assigned to specific purposes, such as, but not limited to, the Revolving Loan fund, Police Fund, Capital Funds and grant expenditures.

Long-term Debt

The Town's total debt increased \$2,994,000 during the fiscal year and had a total ending balance of \$4,831,227. During FY 2017, 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 41-43 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 them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave). Both the statement of net position and the statement of activities distinguish functions of the Town of Bristol that are principally supported by taxes and governmental activities 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 7 and 8, also listed as exhibits A & B.

Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Assets:						
Current and Other Assets	\$ 1,907,518	\$ 1,846,735	\$ 7,191	\$ 50,781	\$ 1,914,709	\$ 1,897,516
Capital Assets	8,223,541	5,308,282	1,911,273	1,755,488	10,134,814	7,063,770
Total Assets	10,131,059	7,155,017	1,918,464	1,806,269	12,049,523	8,961,286
Deferred Outflows of Resources	262,098	159,290	0	0	262,098	159,290
Liabilities:						
Current Liabilities	278,867	76,065	183,387	25,242	462,254	101,307
Long-Term Liabilities	4,511,888	1,909,823	864,417	910,722	5,376,305	2,820,545
Total Liabilities	4,790,755	1,985,888	1,047,804	935,964	5,838,559	2,921,852
Deferred Inflows of Resources	18,344	19,637	0	0	18,344	19,637
Net Position:						
Net Investment in Capital Assets	4,301,771	4,066,106	1,001,816	845,484	5,303,587	4,911,590
Restricted	781,092	849,672	0	0	781,092	849,672
Unrestricted/(Deficit)	501,195	393,004	(131,156)	24,821	370,039	417,825
Total Net Position	\$ 5,584,058	\$ 5,308,782	\$ 870,660	\$ 870,305	\$ 6,454,718	\$ 6,179,087

Statement of Activities

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
REVENUES						
Charges for Service	\$ 337,359	\$ 273,708	\$ 247,498	\$ 309,322	\$ 584,857	\$ 583,030
Operating Grants and Contributions	131,855	147,359	63,110	160,035	194,965	307,394
Capital Grants and Contributions	39,512	1,024,856	19,937	0	59,449	1,024,856
Property Taxes	2,546,065	2,244,829	0	0	2,546,065	2,244,829
Penalty and Interest on Delinquent Taxes	27,787	29,770	0	0	27,787	29,770
Payment in Lieu of Taxes	917	917	0	0	917	917
General State Grants	92,672	153,986	0	0	92,672	153,986
Unrestricted Investment Earnings	4,381	3,118	0	2,055	4,381	5,173
Insurance Proceeds	16,866	789	137	0	17,003	789
Contributions and Donations	42,680	60,999	0	0	42,680	60,999
Proceeds from Sale of Property and Equipment	88,329	0	0	0	88,329	0
Other Revenues	12,680	6,038	313	1,778	12,993	7,816
Total Revenues	3,341,103	3,946,369	330,995	473,190	3,672,098	4,419,559
EXPENDITURES						
General Government	801,859	802,856	0	0	801,859	802,856
Public Safety	774,693	629,278	0	0	774,693	629,278
Public Works	875,684	825,823	0	0	875,684	825,823
Sanitation	0	7,239	0	0	0	7,239
Cemetery	2,842	3,361	0	0	2,842	3,361
Community Development	230,084	73,072	0	0	230,084	73,072
Culture and Recreation	302,689	277,733	0	0	302,689	277,733
Interest on Long-Term Debt	79,199	31,268	0	0	79,199	31,268
Water	0	0	278,768	258,428	278,768	258,428
Sewer	0	0	50,649	45,821	50,649	45,821
Landfill	0	0	0	26,387	0	26,387
Total Expenditures	3,067,050	2,650,630	329,417	330,636	3,396,467	2,981,266
Transfers In/(Out)	1,223	(332,067)	(1,223)	332,067	0	0
Changes in Net Position	275,276	963,672	355	474,621	275,631	1,438,293
Net Position - Beginning of Year	5,308,782	4,345,110	870,305	395,684	6,179,087	4,740,794
Net Position - End of Year	\$ 5,584,058	\$ 5,308,782	\$ 870,660	\$ 870,305	\$ 6,454,718	\$ 6,179,087

Fund Financial Statements

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

Governmental Funds

The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on 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 40 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Revolving Loan Fund, Police Fund, Capital Equipment Funds, Capital Building Funds, and Capital Road Funds, where are all considered major funds. Data from the other 34 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 45-47.

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 and Sewer 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 and Sewer Fund, each of which are major funds of the Town of Bristol.

FINANCIAL ANALYSIS

Governmental Activities

Governmental activities increased the Town of Bristol's total change in net position by \$275,276 during the 2017 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 \$630,133 and \$240,527, respectively. In the fiscal year 2017, operating expenses for the Water Fund increased by \$6,542, and operating expenses in the Sewer Fund increased by \$5,728. The Water Fund purchased \$113,711 in capital assets.

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, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,080,058	\$ 76,117	\$ 1,156,175
Investments	17,700	0	17,700
Receivables	116,423	88,053	204,476
Loans Receivable (Net of Allowance for Uncollectibles)	500,684	0	500,684
Prepaid Expenses	33,395	2,279	35,674
Internal Balances	159,258	(159,258)	0
Capital Assets			
Land	237,300	0	237,300
Construction in Progress	112,931	193,437	306,368
Other Capital Assets (Net of Accumulated Depreciation)	7,873,310	1,717,836	9,591,146
Total Assets	<u>10,131,059</u>	<u>1,918,464</u>	<u>12,049,523</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>262,098</u>	<u>0</u>	<u>262,098</u>
Total Deferred Outflows of Resources	<u>262,098</u>	<u>0</u>	<u>262,098</u>
<u>LIABILITIES</u>			
Accounts Payable	28,502	130,420	158,922
Accrued Payroll and Benefits Payable	15,305	182	15,487
Accrued Interest Payable	22,274	4,049	26,323
Unearned Revenue	0	2,832	2,832
Noncurrent Liabilities:			
Due within One Year	212,786	45,904	258,690
Due in More than One Year	4,511,888	864,417	5,376,305
Total Liabilities	<u>4,790,755</u>	<u>1,047,804</u>	<u>5,838,559</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	4,068	0	4,068
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>14,276</u>	<u>0</u>	<u>14,276</u>
Total Deferred Inflows of Resources	<u>18,344</u>	<u>0</u>	<u>18,344</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,301,771	1,001,816	5,303,587
Restricted:			
Revolving Loans	627,705	0	627,705
Public Safety	21,789	0	21,789
Other	131,598	0	131,598
Unrestricted/(Deficit)	501,195	(131,156)	370,039
Total Net Position	<u>\$ 5,584,058</u>	<u>\$ 870,660</u>	<u>\$ 6,454,718</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, 2017

	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	\$ 801,859	\$ 48,613	\$ 29,136	\$ 12,929	\$ (711,181)	\$ 0	\$ (711,181)
Public Safety	774,693	48,154	1,650	9,688	(715,201)	0	(715,201)
Public Works	875,684	2,878	95,877	16,895	(760,034)	0	(760,034)
Cemetery	2,842	0	0	0	(2,842)	0	(2,842)
Culture and Recreation	302,689	71,768	5,192	0	(225,729)	0	(225,729)
Community Development	230,084	165,946	0	0	(64,138)	0	(64,138)
Interest on Long-Term Debt	79,199	0	0	0	(79,199)	0	(79,199)
Total Governmental Activities	3,067,050	337,359	131,855	39,512	(2,558,324)	0	(2,558,324)
Business-Type Activities:							
Water	278,768	211,096	63,110	19,937	0	15,375	15,375
Sewer	50,649	36,402	0	0	0	(14,247)	(14,247)
Total Business-Type Activities	329,417	247,498	63,110	19,937	0	1,128	1,128
Total	\$ 3,396,467	\$ 584,857	\$ 194,965	\$ 59,449	(2,558,324)	1,128	(2,557,196)
General Revenues:							
Property Taxes					2,546,065	0	2,546,065
Interest and Penalties on Delinquent Taxes					27,787	0	27,787
Payment in Lieu of Taxes					917	0	917
General State Grants					92,672	0	92,672
Unrestricted Investment Earnings					4,381	0	4,381
Insurance Proceeds					16,866	137	17,003
Contributions and Donations					42,680	0	42,680
Proceeds from Sale of Property and Equipment					88,329	0	88,329
Other Revenues					12,680	313	12,993
Transfers					1,223	(1,223)	0
Total General Revenues and Transfers					2,833,600	(773)	2,832,827
Change in Net Position					275,276	355	275,631
Net Position - July 1, 2016					5,308,782	870,305	6,179,087
Net Position - June 30, 2017					<u>\$ 5,584,058</u>	<u>\$ 870,660</u>	<u>\$ 6,454,718</u>

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

TOWN OF BRISTOL, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 94,436	\$ 127,021	\$ 0	\$ 220,985	\$ 98,602	\$ 255,613	\$ 283,401	\$ 1,080,058
Investments	0	0	0	0	0	0	17,700	17,700
Receivables	93,181	0	225	0	0	0	23,017	116,423
Loans Receivable (Net of Allowance for Uncollectibles)	0	500,684	0	0	0	0	0	500,684
Due from Other Funds	110,807	0	24,277	58,368	5,426	0	23,759	222,637
Prepaid Expenses	30,229	0	3,166	0	0	0	0	33,395
Total Assets	\$ 328,653	\$ 627,705	\$ 27,668	\$ 279,353	\$ 104,028	\$ 255,613	\$ 347,877	\$ 1,970,897
LIABILITIES								
Accounts Payable	\$ 26,538	\$ 0	\$ 697	\$ 0	\$ 0	\$ 0	\$ 1,267	\$ 28,502
Accrued Payroll and Benefits Payable	10,123	0	5,182	0	0	0	0	15,305
Due to Other Funds	0	0	0	0	0	3,332	60,047	63,379
Total Liabilities	36,661	0	5,879	0	0	3,332	61,314	107,186
DEFERRED INFLOWS OF RESOURCES								
Unavailable Property Taxes, Penalty and Interest	75,772	0	0	0	0	0	0	75,772
Unavailable Loan Revenue	0	488,690	0	0	0	0	0	488,690
Unavailable Grant Revenue	0	0	0	0	0	0	1,161	1,161
Property Tax Overpayments/Prepayments	4,068	0	0	0	0	0	0	4,068
Total Deferred Inflows of Resources	79,840	488,690	0	0	0	0	1,161	569,691
FUND BALANCES/(DEFICIT)								
Nonspendable	141,036	0	3,166	0	0	0	17,700	161,902
Restricted	0	139,015	18,623	0	0	0	113,898	271,536
Committed	0	0	0	279,353	104,028	252,281	0	635,662
Assigned	0	0	0	0	0	0	157,207	157,207
Unassigned/(Deficit)	71,116	0	0	0	0	0	(3,403)	67,713
Total Fund Balances	212,152	139,015	21,789	279,353	104,028	252,281	285,402	1,294,020
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 328,653	\$ 627,705	\$ 27,668	\$ 279,353	\$ 104,028	\$ 255,613	\$ 347,877	
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.								8,223,541
Other Assets are not Available to Pay for Current Period Expenditures, and, Therefore, are Deferred in the Funds.								565,623
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.								(4,746,948)
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.								247,822
Net Position of Governmental Activities								\$ 5,584,058

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, 2017

REVENUES:	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
Property Taxes	\$ 2,094,826	\$ 0	\$ 363,049	\$ 58,003	\$ 0	\$ 0	\$ 0	\$ 2,515,878
Penalties and Interest	27,787	0	0	0	0	0	0	27,787
Licenses, Fees and Fines	17,084	0	16,507	0	0	0	2,917	36,508
Intergovernmental Revenues	189,466	0	1,650	0	0	0	71,764	262,880
Contributions and Donations	0	0	0	4,405	0	0	38,275	42,680
Charges for Services	114,914	0	17,952	0	0	0	0	132,866
Investment Income	833	387	0	1,129	28	559	1,445	4,381
Loan Interest Income	0	14,264	0	0	0	0	0	14,264
Loan Repayments	0	105,166	0	0	0	0	0	105,166
Other Revenues	5,307	3,658	2,255	3,488	0	0	0	14,708
Total Revenues	2,450,217	123,475	401,413	67,025	28	559	114,401	3,157,118
EXPENDITURES:								
Current:								
General Government	664,357	0	0	2,595	0	0	101,151	768,103
Public Safety	189,783	0	402,995	16,719	13,817	0	7,803	631,117
Public Works	685,462	0	0	0	0	11,958	5,041	702,461
Sanitation	8,190	0	0	0	0	0	0	8,190
Cemetery	2,842	0	0	0	0	0	0	2,842
Culture & Recreation	260,339	0	0	0	0	0	28,582	288,921
Community Development	0	230,084	0	0	0	0	0	230,084
Capital Outlay:								
General Government	0	0	0	0	0	0	13,732	13,732
Public Safety	0	0	0	7,948	2,965,035	0	0	2,972,983
Public Works	0	0	0	161,798	0	80,871	1,878	244,547
Debt Service:								
Principal	270,406	0	0	0	0	0	0	270,406
Interest	59,155	0	0	0	0	0	0	59,155
Total Expenditures	2,140,534	230,084	402,995	189,060	2,978,852	92,829	158,187	6,192,541
Excess/(Deficiency) of Revenues Over Expenditures	309,683	(106,609)	(1,582)	(122,035)	(2,978,824)	(92,270)	(43,786)	(3,035,423)
Other Financing Sources/(Uses):								
Proceeds from Long Term Debt	0	0	0	0	2,946,000	0	4,000	2,950,000
Proceeds from Sale of Property and Equipment	0	0	0	0	95,291	0	400	95,691
Insurance Proceeds	16,866	0	0	0	0	0	0	16,866
Transfers In	0	0	0	129,500	35,539	136,223	15,475	316,737
Transfers Out	(290,000)	0	(14,500)	(475)	0	0	(10,539)	(315,514)
Total Other Financing Sources/(Uses)	(273,134)	0	(14,500)	129,025	3,076,830	136,223	9,336	3,063,780
Net Change in Fund Balances	36,549	(106,609)	(16,082)	6,990	98,006	43,953	(34,450)	28,357
Fund Balances - July 1, 2016	175,603	245,624	37,871	272,363	6,022	208,328	319,852	1,265,663
Fund Balances - June 30, 2017	\$ 212,152	\$ 139,015	\$ 21,789	\$ 279,353	\$ 104,028	\$ 252,281	\$ 285,402	\$ 1,294,020

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, 2017

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)	\$ 28,357
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$3,231,262) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$320,495).	2,910,767
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to decrease net position.	(7,362)
The effect of donations of capital assets is to increase net position. The Town received additional infrastructural improvements from the State of Vermont.	11,854
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	66,936
The issuance of long-term debt (\$2,950,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$270,406) 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.	(2,679,594)
Governmental funds report employer pension contributions as expenditures (\$54,237). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$104,754) is reported as pension expense.	(50,517)
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>(5,165)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 275,276</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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Taxes:			
Property Taxes	\$ 2,117,316	\$ 2,094,826	\$ (22,490)
Delinquent Taxes - Interest	9,400	8,494	(906)
Delinquent Taxes - Penalty	13,550	19,293	5,743
Fish and Wildlife Pond Access PILOT	917	790	(127)
National Forest Payments	13,700	14,949	1,249
Current Use Program	71,661	77,850	6,189
Total Taxes	2,226,544	2,216,202	(10,342)
Licenses, Fines & Fees:			
Liquor Licenses	1,100	995	(105)
Dog Licenses	2,325	1,879	(446)
Dog Fines	350	265	(85)
Police Fines	9,200	13,695	4,495
Town Clerk Fees	33,000	31,091	(1,909)
Motor Vehicle Reg. Renewals	600	620	20
Zoning Fees	9,500	9,415	(85)
School Treasurer's Fee	1,500	1,500	0
Total Licenses, Fines & Fees	57,575	59,460	1,885
Recreation Department:			
Revenues	55,000	46,268	(8,732)
Town Appropriations - 4 Towns	9,000	9,500	500
Youth Center Event & Rental Income	1,000	1,000	0
Pottery Studio	13,000	12,210	(790)
Hall Rentals	3,000	2,790	(210)
Total Recreation Department	81,000	71,768	(9,232)
Highway Department:			
State Aid for Highways	95,975	95,877	(98)
Equipment Use - Water/Landfill	5,000	520	(4,480)
Garage Rent from Water Department	500	0	(500)
Miscellaneous	500	2,358	1,858
Total Highway Department	101,975	98,755	(3,220)
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	855	794	(61)
Act 60 Reimbursements	1,683	1,683	0
Total Reimbursements to Town	2,538	2,477	(61)
Other Revenues:			
Interest	600	833	233
Parking Permit Fees	150	250	100
Insurance Proceeds	0	16,866	16,866
Miscellaneous Revenues	250	472	222
Total Other Revenues	1,000	18,421	17,421
Total Revenue	2,470,632	2,467,083	(3,549)

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
General Expenses:			
Supplies	\$ 3,000	\$ 2,546	\$ 454
Furnishings	300	200	100
Equipment	3,700	2,773	927
Advertising	1,000	3,609	(2,609)
Postage	4,000	3,641	359
Telephone	2,500	2,223	277
Pub. Official & Empl. Practices Ins.	10,840	10,750	90
Landfill - Fees	525	420	105
Miscellaneous	1,500	1,895	(395)
Total General Expenses	27,365	28,057	(692)
Administrator's Office:			
Salaries	75,602	75,721	(119)
FICA	5,784	6,266	(482)
Health Insurance	16,951	14,201	2,750
Retirement	5,528	6,114	(586)
Workers Compensation	330	203	127
Disability Insurance	960	773	187
Mileage	1,500	1,513	(13)
Training	200	200	0
Total Administrator's Office	106,855	104,991	1,864
Clerk/Treasurer's Office:			
Salaries	77,197	75,774	1,423
FICA	5,906	5,723	183
Health Insurance	26,240	23,419	2,821
Retirement	5,645	4,354	1,291
Workers Compensation	350	203	147
Disability Insurance	630	654	(24)
Training	300	315	(15)
Supplies	3,800	3,823	(23)
Software & Programming	1,100	1,004	96
Equipment	500	434	66
Postage	1,300	859	441
Telephone	1,730	1,491	239
Microfilming	525	793	(268)
Miscellaneous	200	197	3
Total Clerk/Treasurer's Office	125,423	119,043	6,380
Listing Department:			
Salaries	16,310	11,419	4,891
FICA	1,248	881	367
Workers Compensation	155	101	54
Mileage	250	68	182
Training	300	0	300
Supplies	400	194	206
Software	1,200	1,219	(19)
Equipment	200	0	200
Postage	300	48	252
Telephone	924	832	92
Legal Fees	300	0	300
Professional Fees	1,000	0	1,000
Map Maintenance	1,800	683	1,117
Miscellaneous	100	0	100
Total Listing Department	24,487	15,445	9,042

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Planning & Zoning:			
Salaries	\$ 28,950	\$ 26,672	\$ 2,278
FICA	2,215	2,068	147
Retirement	244	267	(23)
Workers Compensation	125	101	24
Disability Insurance	34	34	0
Mileage	500	675	(175)
Training	300	230	70
Supplies	980	234	746
Advertising	600	650	(50)
Postage	575	410	165
Attorney Fees	5,000	0	5,000
Planning Services	5,000	10,826	(5,826)
Printing	500	453	47
Meetings	700	700	0
Total Planning & Zoning	45,723	43,320	2,403
Professional Fees:			
Attorney Fees	4,000	7,950	(3,950)
Audit Fees	22,000	20,295	1,705
Total Professional Fees	26,000	28,245	(2,245)
Town Report	1,300	973	327
Meetings & Elections:			
Election Workers	1,900	2,319	(419)
Election Supplies	4,600	2,588	2,012
Total Meetings & Elections	6,500	4,907	1,593
Town Officers:			
Salaries	4,990	5,957	(967)
Collector of Delinquent Taxes	7,816	7,132	684
Conservation Commission	350	77	273
FICA/MEDI	958	942	16
Training	180	180	0
Total Town Officers	14,294	14,288	6
Town Parks:			
Supplies	1,200	852	348
Electricity	1,300	1,184	116
Liability Insurance	1,800	1,696	104
Mowing	7,600	11,042	(3,442)
Maintenance	1,500	886	614
Sycamore Park Portolet	460	420	40
Landfill Fees	1,500	1,268	232
Total Town Parks	15,360	17,348	(1,988)

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Holley Hall:			
Supplies	\$ 900	\$ 1,093	\$ (193)
Equipment	600	0	600
Heating Fuel	7,000	3,809	3,191
Electricity	4,265	3,679	586
Custodial	7,140	4,954	2,186
Building Maintenance	3,000	6,173	(3,173)
Liability Insurance	4,800	4,890	(90)
Holley Hall Renovation Bond	56,242	56,028	214
Sewer Fees	550	500	50
Water Fees	300	161	139
Total Holley Hall	84,797	81,287	3,510
Howden Hall:			
Supplies	200	0	200
Heating Fuel	2,600	1,289	1,311
Electricity	1,450	1,444	6
Telephone	560	560	0
Liability Insurance	3,600	3,393	207
Services	1,100	1,707	(607)
Water Fees	295	174	121
Debt Service	7,634	7,641	(7)
Total Howden Hall	17,439	16,208	1,231
Public Safety:			
Dog Officer	1,606	1,535	71
FICA	123	128	(5)
Dog Pound	1,250	870	380
Street Lights	26,000	25,869	131
Town Traffic Control	10,000	10,011	(11)
Police Services - Outside District	4,250	4,545	(295)
Total Public Safety	43,229	42,958	271
Fire Department:			
Labor	25,000	25,154	(154)
FICA/MEDI	1,913	1,909	4
Dues	1,118	1,030	88
Training	2,000	2,140	(140)
OSHA Requirements	5,600	5,745	(145)
Supplies	8,860	10,386	(1,526)
Electricity	13,200	7,931	5,269
Propane	8,800	4,983	3,817
Gas & Oil	3,500	2,411	1,089
Telephone	3,300	3,886	(586)
Dispatching	3,650	3,665	(15)
Building Maintenance	8,200	11,497	(3,297)
Workers Compensation	4,642	5,414	(772)
Accident & Disability Insurance	2,400	2,149	251
Liability Insurance	8,400	15,461	(7,061)
Water Fees	500	350	150

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Landfill Fees	\$ 504	\$ 0	\$ 504
Hose Replacement	2,000	1,504	496
CTI Tower Lease	3,278	3,560	(282)
Radios and Pagers	6,500	4,989	1,511
Firefighting Equipment Repairs	4,100	3,587	513
2007 Engine Tanker Repairs	2,000	1,672	328
Pumper - Hose Reel	1,435	847	588
1997 Engine One	2,200	5,665	(3,465)
Utility Vehicle Repair	1,400	2,171	(771)
Heavy Rescue Vehicle Repair	1,060	177	883
Brush Truck	1,410	147	1,263
Bond Facility	177,812	177,812	0
Bond Payment - 2007 Eng. Tanker	32,841	32,841	0
Fire Prevention	400	429	(29)
Fire/Uniforms & Apparel	2,000	3,349	(1,349)
Fire Equipment	13,000	14,617	(1,617)
Miscellaneous	200	0	200
Total Fire Department	353,223	357,478	(4,255)
Lawrence Memorial Library:			
Maintenance	250	202	48
Workers Compensation	250	589	(339)
Disability Insurance	650	150	500
Liability Insurance	2,420	2,258	162
Total Lawrence Memorial Library	3,570	3,199	371
Cemetery Care	2,600	2,842	(242)
Other Debt Service & Transfers:			
Tax Anticipation Interest	1,100	2,069	(969)
Total Other Debt Service & Transfers	1,100	2,069	(969)
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,743	4,743	0
Addison County Tax	14,016	13,709	307
Addison County Economic Dev. Corp.	3,500	3,500	0
Vermont League of Cities & Towns	5,234	5,233	1
Christmas Committee	400	400	0
Fourth of July Bristol PD Expense	1,500	1,189	311
Tax Abatement Expense	0	11	(11)
Total Dues, Taxes, Contributions	29,393	28,785	608
Post Closure Monitoring	9,950	8,190	1,760

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Highway Department:			
Personnel & Insurance:			
Salaries	\$ 247,340	\$ 247,819	\$ (479)
Overtime	22,000	21,221	779
FICA/MEDI	20,605	20,872	(267)
Health Insurance	53,895	52,728	1,167
Retirement	19,834	20,188	(354)
Workers Compensation	17,900	19,206	(1,306)
Disability Insurance	3,000	2,516	484
Uniforms	1,500	1,503	(3)
Mileage	400	252	148
Training	600	219	381
Liability Insurance	14,000	12,471	1,529
Total Personnel & Insurance	401,074	398,995	2,079
Equipment:			
Supplies	15,000	14,752	248
Parts	12,000	13,256	(1,256)
Tires	6,000	5,989	11
Fuels	52,000	26,461	25,539
Oil, Anti-freeze	2,500	2,858	(358)
Purchases	2,600	2,585	15
Contracted Repairs	12,000	22,635	(10,635)
Equipment Rentals	500	300	200
Total Equipment	102,600	88,836	13,764
Garage:			
Supplies	5,500	5,828	(328)
Heating Fuels (Old Garage)	5,000	1,719	3,281
Propane (New Garage)	3,000	1,215	1,785
Electricity	3,500	3,308	192
Telephone	1,896	1,857	39
Pagers	765	816	(51)
Maintenance	2,500	2,603	(103)
Water Fees	280	257	23
Landfill Fees	504	420	84
Total Garage	22,945	18,023	4,922
Materials & Services:			
Road Gravel	22,000	21,907	93
Winter Sand	32,000	31,987	13
Salt	52,000	59,091	(7,091)
Chloride	22,000	22,000	0
Cold Patch	1,000	1,401	(401)
Culverts	4,000	4,321	(321)
Signs	3,000	2,573	427
Tree Work	5,000	5,300	(300)
Pavement Marking	1,000	1,421	(421)
Sidewalks	15,000	591	14,409
Guard Rail	2,000	2,000	0
Storm Drainage	1,000	0	1,000
Contracted Services	14,000	26,129	(12,129)
Miscellaneous	1,000	887	113
Total Materials & Services	175,000	179,608	(4,608)

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Indebtedness			
Stormwater Bond (2010)	\$ 34,920	\$ 34,920	\$ 0
South Street Bridge Replacement	18,250	18,250	0
Total Indebtedness	53,170	53,170	0
Total Highway Department	754,789	738,632	16,157
Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	63,408	63,755	(347)
Additional Labor	500	392	108
FICA	4,889	4,876	13
Health Insurance	21,275	13,639	7,636
Retirement	4,640	4,704	(64)
Workers Compensation	1,750	1,760	(10)
Disability Insurance	750	671	79
Liability Insurance	1,600	1,600	0
Mileage	350	346	4
Training	500	261	239
Supplies	1,000	737	263
Equipment	2,100	3,304	(1,204)
Advertising	1,600	2,551	(951)
Facilities Rent	1,000	1,362	(362)
Postage	150	79	71
Telephone	1,200	1,598	(398)
Holley Hall Custodial	3,800	2,670	1,130
Printing	1,500	1,350	150
Programs	30,000	30,379	(379)
Events	2,500	2,642	(142)
Annual Fees	300	430	(130)
Miscellaneous	225	252	(27)
Total General Recreation Department	145,037	139,358	5,679
Youth Center/Skate Park:			
Full Time Labor	31,992	31,836	156
Part Time Labor	16,218	13,977	2,241
FICA	3,688	3,529	159
Health Insurance	6,785	4,992	1,793
Retirement	3,526	2,351	1,175
Workers Compensation	2,608	1,760	848
Disability Insurance	370	352	18
Travel	300	311	(11)
Hub Rent to Recreation Club	7,200	7,200	0
Supplies	1,000	916	84
Food	2,500	2,466	34
Heat	2,800	1,680	1,120
Electricity	1,800	1,594	206
Telephone	1,100	1,276	(176)
Programs/Workshops	2,000	1,803	197
Water Fees	250	810	(560)
Trash Disposal	504	0	504
Maintenance	1,000	694	306
Total Youth Center/Skate Park	85,641	77,547	8,094

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Pottery Studio:			
Labor	\$ 12,560	\$ 12,553	\$ 7
Supplies	1,000	667	333
Kiln	820	521	299
Heat	1,000	458	542
Electricity	400	382	18
Rent	7,800	7,800	0
Telephone	500	506	(6)
Total Pottery Studio	24,080	22,887	1,193
Total Arts, Parks & Recreation Department	254,758	239,792	14,966
Voted Appropriations:			
Capital Equipment Fund	90,000	90,000	0
Capital Fire Equipment Fund	25,000	25,000	0
Capital Building Fund	25,000	25,000	0
Capital Road Fund	35,000	35,000	0
Capital Road Fund - Paving	100,000	100,000	0
Reappraisal Fund	5,000	5,000	0
Conservation Reserve Fund	10,000	10,000	0
Lawrence Memorial Library	131,721	131,721	0
Bristol Recreation Club	15,000	15,000	0
Addison County Restorative Justice	1,150	1,150	0
Addison County Home Health	4,700	4,700	0
Addison County Humane Society	1,000	1,000	0
Addison County Parent Child Center	4,800	4,800	0
Addison County Transit Resources Program	10,706	10,706	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
New Haven River Watch	300	300	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
Bristol CORE	10,000	10,000	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
Northeast Addison TV (NEAT)	3,500	3,500	0
Open Door Clinic	1,000	1,000	0
Age Well (CVAA)	2,700	2,700	0
Vermont Adult Learning	1,650	1,650	0
Retired Senior Vol Prog.	850	850	0
WomenSafe	3,500	3,500	0
Total Voted Appropriations	532,477	532,477	0
Total Expenditures	2,480,632	2,430,534	50,098

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 - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>(10,000)</u>	\$ 36,549	\$ <u>46,549</u>
Fund Balance - July 1, 2016		<u>175,603</u>	
Fund Balance - June 30, 2017		\$ <u>212,152</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
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property Taxes	\$ 363,049	\$ 363,049	\$ 0
Detail Revenues	3,000	2,477	(523)
Town Traffic Patrol Contract	10,000	10,000	0
MAUHS Contract	6,000	5,475	(525)
Non-District Service Fees	4,250	4,545	295
Fines	8,000	11,962	3,962
Towing	500	0	(500)
Homeland Security Grant	0	1,650	1,650
Miscellaneous	1,200	2,255	1,055
	<u>395,999</u>	<u>401,413</u>	<u>5,414</u>
Total Revenue			
Expenditures:			
Full-time Labor	165,607	165,576	31
Part-time Labor	33,280	27,553	5,727
Detail Labor	2,800	2,812	(12)
Clerical	8,860	4,391	4,469
Administrator	5,006	5,006	0
Overtime	15,780	25,444	(9,664)
FICA/MEDI	17,697	18,301	(604)
Health Insurance	35,555	28,763	6,792
State Retirement	13,835	14,794	(959)
Worker's Compensation	8,200	19,665	(11,465)
Disability Insurance	2,090	1,753	337
Uniforms	2,000	2,680	(680)
Training	2,500	1,726	774
Computer	4,000	3,411	589
Office Supplies	2,200	2,608	(408)
Equipment	1,000	976	24
General Supplies	750	997	(247)
Vehicle Gas/Oil	8,000	5,688	2,312

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
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:/(Cont'd)			
Vehicle Maintenance	\$ 5,500	\$ 4,638	\$ 862
Facility Expenses	40,878	41,378	(500)
Postage	200	420	(220)
Communications	7,500	9,245	(1,745)
Towing	300	150	150
Insurance	16,861	14,727	2,134
Capital Vehicle Reserve	12,500	12,500	0
Capital Equipment Reserve	2,000	2,000	0
Crime Prevention	200	0	200
Miscellaneous	900	293	607
Total Expenditures	<u>415,999</u>	<u>417,495</u>	<u>(1,496)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>(20,000)</u>	(16,082)	\$ <u>3,918</u>
Fund Balance - July 1, 2016		<u>37,871</u>	
Fund Balance - June 30, 2017		\$ <u>21,789</u>	

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 54,994	\$ 21,123	\$ 76,117
Receivables (Net of Allowance for Uncollectible Accounts)	74,133	13,920	88,053
Prepaid Expenses	2,279	0	2,279
Total Current Assets	131,406	35,043	166,449
Noncurrent Assets:			
Capital Assets			
Construction in Progress	193,437	0	193,437
Plant and Equipment	2,459,670	583,262	3,042,932
Accumulated Depreciation	(1,048,043)	(277,053)	(1,325,096)
Total Noncurrent Assets	1,605,064	306,209	1,911,273
Total Assets	\$ 1,736,470	\$ 341,252	\$ 2,077,722
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 126,902	\$ 3,518	\$ 130,420
Accrued Payroll	131	51	182
Accrued Interest Payable	3,702	347	4,049
Unearned Revenue	1,362	1,470	2,832
Due to Other Funds	139,055	20,203	159,258
General Obligation Bonds Payable - Current Portion	36,363	9,541	45,904
Total Current Liabilities	307,515	35,130	342,645
Noncurrent Liabilities:			
Compensated Absences Payable	619	245	864
General Obligation Bonds Payable - Noncurrent Portion	798,203	65,350	863,553
Total Noncurrent Liabilities	798,822	65,595	864,417
Total Liabilities	1,106,337	100,725	1,207,062
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	770,498	231,318	1,001,816
Unrestricted/(Deficit)	(140,365)	9,209	(131,156)
Total Net Position	630,133	240,527	870,660
Total Liabilities and Net Position	\$ 1,736,470	\$ 341,252	\$ 2,077,722

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, 2017

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 274,206	\$ 36,402	\$ 310,608
Other Income	<u>63</u>	<u>250</u>	<u>313</u>
Total Operating Revenues	<u>274,269</u>	<u>36,652</u>	<u>310,921</u>
Operating Expenses:			
Operations	171,555	33,506	205,061
Depreciation	<u>60,616</u>	<u>14,582</u>	<u>75,198</u>
Total Operating Expenses	<u>232,171</u>	<u>48,088</u>	<u>280,259</u>
Operating Income/(Loss)	<u>42,098</u>	<u>(11,436)</u>	<u>30,662</u>
Non-Operating Revenue/(Expenses):			
Investment Income	107	30	137
Grant Revenue	19,937	0	19,937
Grant Expense	(19,937)	0	(19,937)
Interest Expense	<u>(26,660)</u>	<u>(2,561)</u>	<u>(29,221)</u>
Total Non-Operating Revenue/(Expenses)	<u>(26,553)</u>	<u>(2,531)</u>	<u>(29,084)</u>
Net Income/(Loss) Before Capital Contributions and Transfers	<u>15,545</u>	<u>(13,967)</u>	<u>1,578</u>
Transfers:			
Transfers Out	<u>(1,223)</u>	<u>0</u>	<u>(1,223)</u>
Total Transfers	<u>(1,223)</u>	<u>0</u>	<u>(1,223)</u>
Change in Net Position	14,322	(13,967)	355
Net Position - July 1, 2016	<u>615,811</u>	<u>254,494</u>	<u>870,305</u>
Net Position - June 30, 2017	<u>\$ 630,133</u>	<u>\$ 240,527</u>	<u>\$ 870,660</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, 2017

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 248,354	\$ 39,142	\$ 287,496
Receipts of Other Income	63	250	313
Payments for Wages and Benefits	(9,711)	(3,574)	(13,285)
Payments for Goods and Services	(159,479)	(27,116)	(186,595)
Net Cash Provided by Operating Activities	<u>79,227</u>	<u>8,702</u>	<u>87,929</u>
Cash Flows From Noncapital Financing Activities:			
(Decrease)/Increase in Due to Other Funds	35,472	5,469	40,941
Non-Operating Grant Receipts	19,937	0	19,937
Non-Operating Grant Expenses	(19,937)	0	(19,937)
Transfers to Other Funds	(1,223)	0	(1,223)
Net Cash Provided by Noncapital Financing Activities	<u>34,249</u>	<u>5,469</u>	<u>39,718</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(113,711)	0	(113,711)
Proceeds of Long-Term Debt	44,000	0	44,000
Principal Paid on General Obligation Bonds	(35,366)	(9,181)	(44,547)
Interest Paid on General Obligation Bonds	(25,625)	(2,490)	(28,115)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(130,702)</u>	<u>(11,671)</u>	<u>(142,373)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	<u>107</u>	<u>30</u>	<u>137</u>
Net Cash Provided by Investing Activities	<u>107</u>	<u>30</u>	<u>137</u>
Net Increase/(Decrease) in Cash	(17,119)	2,530	(14,589)
Cash - July 1, 2016	<u>72,113</u>	<u>18,593</u>	<u>90,706</u>
Cash - June 30, 2017	<u>\$ 54,994</u>	<u>\$ 21,123</u>	<u>\$ 76,117</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 42,098	\$ (11,436)	\$ 30,662
Depreciation	60,616	14,582	75,198
(Increase)/Decrease in Accounts Receivable	(25,893)	1,269	(24,624)
(Increase)/Decrease in Prepaid Expenses	(1,715)	0	(1,715)
Increase/(Decrease) in Accounts Payable	4,075	2,833	6,908
Increase/(Decrease) in Unearned Revenue	41	1,470	1,511
Increase/(Decrease) in Accrued Payroll Payable	(122)	(34)	(156)
Increase/(Decrease) in Compensated Absences Payable	127	18	145
Net Cash Provided by Operating Activities	<u>\$ 79,227</u>	<u>\$ 8,702</u>	<u>\$ 87,929</u>

Capital asset acquisitions in the amount of \$117,272 in the Water Fund are included in accounts payable at June 30, 2017.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 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, 2017

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, 2017

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.

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 of resources 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, deferred outflows of resources, current liabilities, and deferred inflows of resources 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, 2017

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, deferred outflows of resources, liabilities and deferred inflows of resources, 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. 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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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. 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. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

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

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 10,000	N/A
Buildings and Building Improvements	\$ 20,000	40
Furniture and Equipment	\$ 2,000	7-15
Infrastructure	\$ 20,000	40
Vehicles	\$ 2,000	5-10
Water and Sewer Systems	\$ 10,000	40

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recoded as expenditures in the year they are acquired.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. Compensated Absences

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.

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 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.

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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

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

Long-term debt transaction differences arise because governmental funds report 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.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budgeted Deficit

The Town elected to budget a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$10,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Exhibit F.

The Town elected to budget a current year's deficiency of revenues over expenditures in the Police Fund in the amount of \$20,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Exhibit G.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, the Town expended \$1,496 more than appropriated in the Police Fund. These over-expenditures were funded by excess revenues.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2017 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$ 1,152,964
Cash on Hand	<u>3,211</u>
Total Cash	<u>1,156,175</u>
Investments:	
Investments – Certificates of Deposit	<u>17,700</u>
Total Investments	<u>17,700</u>
Total Cash and Investments	<u>\$1,173,875</u>

The Town has one (1) certificate of deposit with Peoples United Bank in the amount of \$17,700, with an interest rate of 0.40% and maturity date of September 14, 2017.

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	\$ 512,139	\$ 580,214
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>658,525</u>	<u>658,053</u>
Total	<u>\$1,170,664</u>	<u>\$1,238,267</u>

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Deposits are comprised of the following:

Deposits with Financial Institutions	\$1,152,964
Investments – Certificates of Deposit	<u>17,700</u>
Total Deposits	<u>\$1,170,664</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 an AA rating by Moody's or 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 certificate of deposit is 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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

B. Receivables

Receivables at June 30, 2017, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Delinquent Taxes	\$ 81,677	\$ 0	\$ 81,677
Penalties and Interest	9,950	0	9,950
Accounts Receivable	1,554	0	1,554
Grants Receivable	23,017	5,528	28,545
Billed Services	0	58,417	58,417
Unbilled Services	225	24,108	24,333
Total	<u>\$ 116,423</u>	<u>\$ 88,053</u>	<u>\$ 204,476</u>

C. Loans Receivable

Loans Receivable at June 30, 2017 consists of a number of loans for community development as follows:

Notes Receivable, 12 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 0% to 4.75%, Maturity Dates Ranging from January 1, 2018 through September 1, 2023 All Secured by Business Assets.	\$575,673
Less: Allowance for Doubtful Accounts	(74,989)
Reported Value at June 30, 2017	<u>\$500,684</u>

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

Balance July 1, 2016	Additions	Payments	Balance June 30, 2017
<u>\$451,839</u>	<u>\$ 229,000</u>	<u>\$105,166</u>	<u>\$575,673</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 93,400	\$ 143,900	\$ 0	\$ 237,300
Construction in Progress	1,046,870	2,988,200	3,922,139	112,931
Total Capital Assets, Not Being Depreciated	1,140,270	3,132,100	3,922,139	350,231
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,604,702	2,917,120	8,414	4,513,408
Furniture and Equipment	655,614	54,442	0	710,056
Vehicles	1,261,702	161,798	0	1,423,500
Infrastructure	2,638,628	899,795	0	3,538,423
Totals	6,160,646	4,033,155	8,414	10,185,387
Less Accumulated Depreciation for:				
Buildings and Building Improvements	300,425	115,208	1,052	414,581
Furniture and Equipment	461,327	36,928	0	498,255
Vehicles	922,248	90,368	0	1,012,616
Infrastructure	308,634	77,991	0	386,625
Totals	1,992,634	320,495	1,052	2,312,077
Total Capital Assets, Being Depreciated	4,168,012	3,712,660	7,362	7,873,310
Governmental Activities Capital Assets, Net	\$ 5,308,282	\$ 6,844,760	\$ 3,929,501	\$ 8,223,541
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 47,235	\$ 146,202	\$ 0	\$ 193,437
Total Capital Assets, Not Being Depreciated	47,235	146,202	0	193,437
Capital Assets, Being Depreciated:				
Water and Sewer Systems	2,904,393	84,781	0	2,989,174
Equipment	19,394	0	0	19,394
Vehicles	34,364	0	0	34,364
Totals	2,958,151	84,781	0	3,042,932
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,202,959	73,670	0	1,276,629
Equipment	12,575	1,528	0	14,103
Vehicles	34,364	0	0	34,364
Totals	1,249,898	75,198	0	1,325,096
Total Capital Assets, Being Depreciated	1,708,253	9,583	0	1,717,836
Business-Type Activities Capital Assets, Net	\$ 1,755,488	\$ 155,785	\$ 0	\$ 1,911,273

TOWN OF BRISTOL, VERMONT
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Depreciation expense is charged to functions as follows:

Governmental Activities:

General Government	\$ 30,462
Public Works	153,284
Public Safety	128,995
Recreation	<u>7,754</u>
Total Governmental Activities	<u>\$320,495</u>

Business-Type Activities

Water	\$ 60,616
Sewer	<u>14,582</u>
Total Business-Type Activities	<u>\$ 75,198</u>

E. Interfund Balances and Activity

The Due To/From balances as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 110,807	\$ 0
Police Fund	24,277	0
Capital Equipment Fund	58,368	0
Capital Building Fund	5,426	0
Capital Roads Fund	0	3,332
Other Governmental Funds	23,759	60,047
Water Fund	0	139,055
Sewer Fund	<u>0</u>	<u>20,203</u>
Total	<u>\$ 222,637</u>	<u>\$ 222,637</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Interfund transfers during the year ended June 30, 2017 were as follows:

Transfer From	Amount	Transfer To	Amount	Purpose
General Fund	\$ 90,000	Capital Equipment Fund	\$ 90,000	Annual Funding for Highway Equipment
General Fund	25,000	Capital Equipment Fund	25,000	Annual Funding for Fire Equipment
General Fund	25,000	Capital Building Fund	25,000	Annual Funding
General Fund	35,000	Capital Roads Fund	35,000	Annual Funding for Paving
General Fund	100,000	Capital Roads Fund	100,000	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
Police Fund	12,500	Capital Equipment Fund	12,500	Annual Funding for Vehicle Replacement
Police Fund	2,000	Capital Equipment Fund	2,000	Annual Funding for Police Equipment
Capital Equipment Fund	475	Other Governmental Funds	475	Transfer Investment Earnings
Prince Lane Fund	1,293	Capital Building Fund	1,293	Close Fund
Prince Lane DHCA Fund	9,246	Capital Building Fund	9,246	Close Fund
Water Fund	<u>1,223</u>	Capital Roads Fund	<u>1,223</u>	Fund Paving Expenses
Total	\$ <u>316,737</u>		\$ <u>316,737</u>	

F. Unearned Revenue

Unearned Revenue in the Water and Sewer Fund consists of \$1,362 and \$1,470, respectively, of fees received in advance. This revenue will be earned as the water and sewer fees are billed.

G. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$8,449 from the difference between the expected and actual experience, \$66,052 from changes in assumptions, \$133,360 from the difference between the projected and actual investment earnings and \$54,237 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Governmental Activities is \$262,098.

H. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$4,068 of prepaid property taxes and \$14,276 resulting from changes in proportion and differences between employer contributions and proportionate share of contributions 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 \$18,344.

Deferred Inflows of Resources in the General Fund consists of \$75,772 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 \$4,068 of prepaid property taxes. Total Deferred Inflows of Resources in the General Fund is \$79,840.

TOWN OF BRISTOL, VERMONT
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Deferred Inflows of Resources in the Revolving Loan Fund consists of \$488,690 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 \$488,690.

Deferred Inflows of Resources in the Other Governmental Funds consists of \$1,161 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 \$1,161.

I. Landfill Post-Closure Costs

The Town of Bristol, Vermont operated a municipal landfill. 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 post-closure monitoring is \$337,560.

The following is an estimate of post-closure costs:

Estimated post-closure costs per year	\$ 11,640
Years to maintain	<u>29</u>
Total Liability for costs of post-closure monitoring at June 30, 2017	<u>\$ 337,560</u>

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 and a note payable to finance capital improvements to Howden Hall.

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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Landfill Post-Closure Costs – The Town has estimated their liability for 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, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</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 Five (5) Years	\$ 50,000	\$ 0	\$ 10,000	\$ 40,000
Bond Payable, Vermont Municipal Bond Bank, 2007 Fire Engine Tanker, Annual Principal Payments of \$30,000 Due November 15 through 2018, Interest Rates Ranging From 2.72% to 4.01% Due Semi-Annually on May 15 and November 15	90,000	0	30,000	60,000
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	500,000	0	30,000	470,000

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Note Payable, National Bank of Middlebury, 2013 Howden Hall Lift, Annual Principal Payments of \$7,000, Interest at 2.95%, Matures October 7, 2018	\$ 21,000	\$ 0	\$ 7,000	\$ 14,000
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%	474,128	0	25,437	448,691
Line of Credit, Peoples United Bank, South Street Bridge, Authorized to \$150,000, Interest at 1.6%, Due August 9, 2017. The Town will Refinance this Line of Credit with Bond Proceeds	107,048	4,000	16,748	94,300
Short-Term Note Payable, National Bank of Middlebury, Public Safety Facility, Principal and Interest at 1.54% Due and Payable on September 1, 2016. This Note was Paid Using Proceeds From a Long-Term Bond.	0	2,946,000	2,946,000	0
Bond Payable, National Bank of Middlebury, Public Safety Facility, Annual Principal Payments of \$98,200 Beginning August 1, 2017, Interest at 1.54%, Matures August 1, 2046, Proceeds From This Bond Was Used To Pay Off an Existing Short-Term Note.	<u>0</u>	<u>2,946,000</u>	<u>151,221</u>	<u>2,794,779</u>
Total Governmental Activities	<u>1,242,176</u>	<u>5,896,000</u>	<u>3,216,406</u>	<u>3,921,770</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Business-Type Activities:

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	\$ 50,000	\$ 0	\$ 10,000	\$ 40,000
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, Maturing December 1, 2023	84,072	0	9,181	74,891
Bond Payable, Vermont Municipal Bond Bank, Water Line Construction, Interest at 3.93%, Principal and Interest Payments of \$55,894 Due Annually on June 1 and December 1, Maturing December 1, 2036	775,932	0	25,366	750,566
Bond Payable, Vermont Municipal Bond Bank, West Street Preliminary Engineering, Interest at 0%, Principal Payments of \$8,800 Due Annually Beginning September 1, 2020, Maturing September 1, 2024.	<u>0</u>	<u>44,000</u>	<u>0</u>	<u>44,000</u>
Total Business-Type Activities	<u>910,004</u>	<u>44,000</u>	<u>44,547</u>	<u>909,457</u>
Total Long-Term Debt	<u>\$2,152,180</u>	<u>\$5,940,000</u>	<u>\$ 3,260,953</u>	<u>\$4,831,227</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Changes in all long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 1,064,128	\$ 5,892,000	\$ 3,182,658	\$ 3,773,470	\$ 184,146
Note Payable	71,000	0	17,000	54,000	17,000
Line of Credit	107,048	4,000	16,748	94,300	0
Compensated Absences	52,947	1,106	0	54,053	0
Net Pension Liability	261,155	150,136	0	411,291	0
Landfill Estimated Post Closure Costs	353,545	0	15,985	337,560	11,640
Total Governmental Activities Long-Term Liabilities	\$ 1,909,823	\$ 6,047,242	\$ 3,232,391	\$ 4,724,674	\$ 212,786
Business-type Activities					
General Obligation Bonds	\$ 910,004	\$ 44,000	\$ 44,547	\$ 909,457	\$ 45,904
Compensated Absences	718	146	0	864	0
Total Business-type Activities Long-Term Liabilities	\$ 910,722	\$ 44,146	\$ 44,547	\$ 910,321	\$ 45,904

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 201,146	\$ 61,277	\$ 45,904	\$ 32,842
2019	201,665	57,683	47,315	31,121
2020	165,194	54,637	48,782	29,324
2021	165,734	52,497	59,106	27,454
2022	161,284	49,528	50,690	25,677
2023-2027	815,075	208,050	222,587	104,107
2028-2032	795,592	141,919	209,655	65,696
2033-2037	491,000	94,518	225,418	20,864
2038-2042	491,000	56,771	N/A	N/A
2043-2047	339,780	18,147	N/A	N/A
Unknown	94,300	N/A	N/A	N/A
Total	\$ 3,921,770	\$ 795,027	\$ 909,457	\$ 337,085

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

K. Fund Balances

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

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

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

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

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

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 30,229
Nonspendable Internal Receivable from Fund with Deficit	<u>110,807</u>

Total General Fund	<u>141,036</u>
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Nonspendable Police Fund Prepaid Expenses	<u>3,166</u>
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Total Major Funds	<u>144,202</u>
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TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Non-Major Funds

Nonspendable Martha Parker Fund by Bequest	\$ <u>17,700</u>
Total	<u>\$161,902</u>

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

Major Funds

Restricted for Revolving Loan Fund by Grant Agreement	\$139,015
Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>18,623</u>
Total Major Funds	<u>157,638</u>

Non-Major Funds

Restricted for Record Restoration Expenditures by Statute (Source of Revenue is Recording Fees)	26,118
Restricted for Recreation Department Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	4,110
Restricted for Howden Hall Expenditures by Donations And Grant Agreements (Source of Revenue is Donations and Grant Revenue)	1,218
Restricted for Peveril Peake Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	4,514
Restricted for Conservation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	38,741
Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	2,339
Restricted for United Way of Addison County Expenditures By Grant Agreements (Source of Revenue is Grant Revenue)	7,835
Restricted for Holley Hall Expenditures by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	26,221

TOWN OF BRISTOL, VERMONT
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Restricted for Various Other Governmental Funds for Various Purposes by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	\$ <u>2,802</u>
Total Non-Major Funds	<u>113,898</u>
Total Restricted Fund Balances	<u>\$271,536</u>

The fund balance in the following fund is committed as follows:

Major Funds:

Committed for Fire Vehicle Expenditures by the Voters	\$ 115,881
Committed for Capital Equipment Expenditures by the Voters	163,472
Committed for Capital Building Expenditures by the Voters	104,028
Committed for Capital Road Expenditures by the Voters	<u>252,281</u>
Total Committed Fund Balances	<u>\$ 635,662</u>

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

Non-Major Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	\$154,010
Assigned for Lister Education Expenses (Source of Revenue is Grant Revenue)	<u>3,197</u>
Total Assigned Fund Balances	<u>\$157,207</u>

The Other Governmental Funds unrestricted deficits of \$2,242 and \$1,161 in the South Street Bridge Fund and the PACIF Equipment Fund, respectively, will be funded with future bond proceeds and grant revenue.

The unrestricted deficit of \$140,365 in the Water Fund will be funded with future debt proceeds.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

L. Net Position

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

Restricted for Revolving Loan Expenditures	\$627,705
Restricted for Police Expenditures	21,789
Restricted for Martha Parker Fund Expenditures	17,700
Restricted for Various Other Governmental Expenditures	<u>113,898</u>
Total Restricted Net Position	<u>\$781,092</u>

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, 2017, the retirement system consisted of 441 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.

TOWN OF BRISTOL, VERMONT
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Pension Liabilities, Pension Expense, AND Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net pension liability of \$128,696,167. As of June 30, 2017, the Town's proportionate share of this was .3196% resulting in a liability of \$411,291. The net pension liability was measured as of June 30, 2016, 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, 2016, the Town's proportion of .3196% was a decrease of 0.0191 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$104,754.

As of June 30, 2017, 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 experience	\$ 8,449	\$ 0
Changes in assumptions	66,052	0
Difference between projected and actual investment earnings	133,360	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	14,276
Town's required employer contributions made subsequent to the measurement date	<u>54,237</u>	<u>0</u>
	<u>\$ 262,098</u>	<u>\$ 14,276</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$54,237 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>	
2018	\$ 48,803
2019	48,803
2020	72,971
2021	<u>23,008</u>
Total	<u>\$193,585</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups 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.

Service Retirement Allowance:

Eligibility – Groups 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 A or B member times AFC.

Maximum benefit is 60% 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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 – 10.00%.

Employer Contributions – Group C – 7.25%.

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

Significant Actuarial Assumptions and Methods

The actuarial assumptions regarding the incidence of morality, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Interest Rate: 7.95% per annum.

Salary increases: 5% per year.

Deaths: Group C – RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 60% Blue collar and 40% White collar adjustment.

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 members of Group C.

Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing 5% per year.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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%.

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% 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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

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 7.95%. 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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$682,784	\$411,291	\$183,971

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 Labor for any paid claims. Unemployment claims for the year ended June 30, 2017 were \$551.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

C. PROPERTY TAXES

The Town bills and collects its own property taxes as well as education property taxes for the State. The tax bills are due in two installments on November 5th and April 5th and become delinquent if not paid in full by the following day. 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 2017 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.6712	1.7042
General	.2615	.2615
Highway	.2251	.2251
Recreation	.0599	.0599
Fire	.0200	.0200
Police	.3129	.3129
Special Articles	.1836	.1836
Local Agreement	<u>.0056</u>	<u>.0056</u>
Total Tax Rate/per \$100 of Assessed Valuation	<u>2.7398</u>	<u>2.7728</u>

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 2017 was \$37,219. Future minimum lease payments are as follows:

2018	\$ 38,145
2019	38,195
2020	38,195
2021	38,195
2022	38,195
2023-2024	<u>47,744</u>
Total	<u>\$238,669</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, 2017 was \$32,049.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

F. SUBSEQUENT EVENTS

On May 17, 2017, People's United Bank approved a bond anticipation note line of credit in the amount of \$1,075,000 for financing West Street infrastructure improvements. Principal and interest, at 1.95%, is due and payable on May 16, 2018. The Town did not draw upon the line of credit until subsequent to year end.

On August 9, 2017, People's United Bank refinanced an existing line of credit in the amount of \$150,000 for financing the South Street bridge. Principal and interest, at 1.95%, is due and payable on August 8, 2018.

TOWN OF BRISTOL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2017

	2017	2016	2015
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3196%	0.3387%	0.3590%
Town's Proportionate Share of the Net Pension Liability	\$ 411,291	\$ 261,155	\$ 32,764
Town's Covered Employee Payroll	\$ 748,097	\$ 675,956	\$ 682,595
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	54.9783%	38.6349%	4.7999%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

TOWN OF BRISTOL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 54,237	\$ 48,573	\$ 47,351
Contributions in Relation to the Actuarially Determined Contributions	<u>54,237</u>	<u>48,573</u>	<u>47,351</u>
Contribution Excess/(Deficiency)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 748,097	\$ 675,956	\$ 682,595
Contributions as a Percentage of Town's Covered Employee Payroll	7.250%	7.186%	6.937%

Notes to Schedule

Valuation Date: June 30, 2016

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

Sullivan, Powers & Co., P.C.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Vermont, as of and for the year ended June 30, 2017, 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 6, 2018.

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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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".

However, we have noted certain other matters that we reported to the management of the Town of Bristol, Vermont in a separate letter dated February 6, 2018.

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 6, 2018
Montpelier, Vermont
VT Lic. #92-000180

Sullivan Powers & Company