

TOWN OF BRISTOL, VERMONT

**AUDIT REPORT AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

JUNE 30, 2018

TOWN OF BRISTOL, VERMONT
AUDIT REPORT
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Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report

Selectboard
Town of Bristol, Vermont
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, 2018, 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, 2018, 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.

Correction of Errors

As described in Note III.B. to the financial statements, certain errors were corrected by management during the current year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

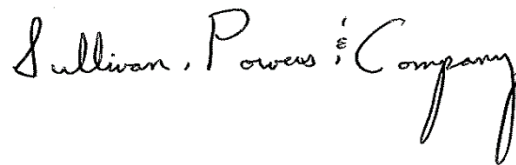
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1, and the Schedule of Contributions on Schedule 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by “Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated March 12, 2019 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.

March 12, 2019
Montpelier, Vermont
VT Lic. #92-000180

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

Management's Discussion and Analysis

As management of the Town of Bristol, Vermont, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year end June 30, 2018. 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 \$340,979 as of June 30, 2018. The Revolving Loan Fund continues to operate with a positive fund balance of \$196,490. That fund also increased their loans receivable by \$42,862, putting money back into the community. The Police fund operates with a positive fund balance of \$61,369.

Government-wide Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$6,894,076 compared to \$6,441,303 at June 30, 2017. Of this amount \$5,891,372 represents governmental activities and \$1,002,704 represents our water and sewer funds (enterprise funds). Of these amounts, \$245,174 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 \$1,086,707, a decrease of \$60,956 over the prior year. Of the total fund balance, \$1,013,656 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 \$480,191 during the fiscal year and had a total ending balance of \$5,311,418. During FY 2018 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 43-45 for more information regarding the Town's long-term liabilities.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Bristol's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the Town of Bristol's assets, and deferred outflows of resources and 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 and the Sewer Department. The government-wide financial statements may be found on pages 8 and 9, also listed as exhibits A & B.

	Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Assets:						
Current and Other Assets	\$ 2,084,874	\$ 1,907,518	\$ 127,042	\$ 7,191	\$ 2,211,916	\$ 1,914,709
Capital Assets	9,002,334	8,223,541	2,069,156	1,911,273	11,071,490	10,134,814
Total Assets	11,087,208	10,131,059	2,196,198	1,918,464	13,283,406	12,049,523
Deferred Outflows of Resources	216,130	262,098	0	0	216,130	262,098
Liabilities:						
Current Liabilities	481,307	278,867	9,860	183,387	491,167	462,254
Long-Term Liabilities	4,903,470	4,511,888	1,183,634	864,417	6,087,104	5,376,305
Total Liabilities	5,384,777	4,790,755	1,193,494	1,047,804	6,578,271	5,838,559
Deferred Inflows of Resources	27,189	18,344	0	0	27,189	18,344
Net Position:						
Net Investment in Capital Assets	4,873,686	4,301,771	886,386	1,001,816	5,760,072	5,303,587
Restricted	772,512	781,092	0	0	772,512	781,092
Unrestricted/(Deficit)	245,174	501,195	116,318	(131,156)	361,492	370,039
Total Net Position	\$ 5,891,372	\$ 5,584,058	\$ 1,002,704	\$ 870,660	\$ 6,894,076	\$ 6,454,718

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
REVENUES						
Charges for Service	\$ 225,558	\$ 337,359	\$ 304,866	\$ 247,498	\$ 530,424	\$ 584,857
Operating Grants and Contributions	170,831	131,855	0	63,110	170,831	194,965
Capital Grants and Contributions	75,628	39,512	0	19,937	75,628	59,449
Property Taxes	2,640,408	2,546,065	0	0	2,640,408	2,546,065
Penalty and Interest on Delinquent Taxes	24,814	27,787	0	0	24,814	27,787
Payment in Lieu of Taxes	0	917	0	0	0	917
General State Grants	106,999	92,672	0	0	106,999	92,672
Unrestricted Investment Earnings	2,710	4,381	103	0	2,813	4,381
Insurance Proceeds	7,764	16,866	0	137	7,764	17,003
Contributions and Donations	0	42,680	0	0	0	42,680
Gain on Sale of Property and Equipment	26,105	88,329	0	0	26,105	88,329
Other Revenues	3,639	12,680	0	313	3,639	12,993
Total Revenues	3,284,456	3,341,103	304,969	330,995	3,589,425	3,672,098
EXPENDITURES						
General Government	791,499	801,859	0	0	791,499	801,859
Public Safety	779,369	774,693	0	0	779,369	774,693
Public Works	884,102	875,684	0	0	884,102	875,684
Sanitation	(3,863)	0	0	0	(3,863)	0
Cemetery	3,527	2,842	0	0	3,527	2,842
Community Development	25,600	230,084	0	0	25,600	230,084
Culture and Recreation	282,376	302,689	0	0	282,376	302,689
Interest on Long-Term Debt	70,675	79,199	0	0	70,675	79,199
Water	0	0	253,046	278,768	253,046	278,768
Sewer	0	0	50,321	50,649	50,321	50,649
Total Expenditures	2,833,285	3,067,050	303,367	329,417	3,136,652	3,396,467
Transfers In/(Out)	2,500	1,223	(2,500)	(1,223)	0	0
Changes in Net Position	453,671	275,276	(898)	355	452,773	275,631
Net Position - Beginning of Year	5,437,701	5,308,782	1,003,602	870,305	6,441,303	6,179,087
Net Position - End of Year	\$ 5,891,372	\$ 5,584,058	\$ 1,002,704	\$ 870,660	\$ 6,894,076	\$ 6,454,718

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, Capital Road Funds and the West Street Fund, 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 10 and 11.

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 \$453,671 during the 2018 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 \$768,375 and \$234,329, respectively. In the fiscal year 2018, 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 \$235,290 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, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,302,307	\$ 81,369	\$ 1,383,676
Investments	17,700	0	17,700
Receivables	130,049	93,446	223,495
Loans Receivable (Net of Allowance for Uncollectibles)	457,822	0	457,822
Prepaid Expenses	122,359	6,864	129,223
Internal Balances	54,637	(54,637)	0
Capital Assets			
Land	237,300	0	237,300
Other Capital Assets (Net of Accumulated Depreciation)	8,765,034	2,069,156	10,834,190
Total Assets	<u>11,087,208</u>	<u>2,196,198</u>	<u>13,283,406</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>216,130</u>	<u>0</u>	<u>216,130</u>
Total Deferred Outflows of Resources	<u>216,130</u>	<u>0</u>	<u>216,130</u>
<u>LIABILITIES</u>			
Overdrawn Cash	94,030	0	94,030
Accounts Payable	315,546	4,686	320,232
Accrued Payroll and Benefits Payable	34,280	266	34,546
Accrued Interest Payable	19,546	4,099	23,645
Unearned Revenue	17,905	809	18,714
Noncurrent Liabilities:			
Due within One Year	213,305	47,315	260,620
Due in More than One Year	4,690,165	1,136,319	5,826,484
Total Liabilities	<u>5,384,777</u>	<u>1,193,494</u>	<u>6,578,271</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	8,272	0	8,272
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>18,917</u>	<u>0</u>	<u>18,917</u>
Total Deferred Inflows of Resources	<u>27,189</u>	<u>0</u>	<u>27,189</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,873,686	886,386	5,760,072
Restricted:			
Revolving Loans	642,093	0	642,093
Public Safety	61,369	0	61,369
Record Restoration	30,806	0	30,806
Other Purposes	38,244	0	38,244
Unrestricted	<u>245,174</u>	<u>116,318</u>	<u>361,492</u>
Total Net Position	<u>\$ 5,891,372</u>	<u>\$ 1,002,704</u>	<u>\$ 6,894,076</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, 2018

	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	\$ 791,499	\$ 53,954	\$ 42,347	\$ 22,000	\$ (673,198)	\$ 0	\$ (673,198)
Public Safety	779,369	44,821	17,665	4,275	(712,608)	0	(712,608)
Public Works	884,102	4,398	101,319	43,601	(734,784)	0	(734,784)
Sanitation	(3,863)	0	0	0	3,863	0	3,863
Cemetery	3,527	0	0	0	(3,527)	0	(3,527)
Culture and Recreation	282,376	82,397	9,500	5,752	(184,727)	0	(184,727)
Community Development	25,600	39,988	0	0	14,388	0	14,388
Interest on Long-term Debt	70,675	0	0	0	(70,675)	0	(70,675)
Total Governmental Activities	2,833,285	225,558	170,831	75,628	(2,361,268)	0	(2,361,268)
Business-Type Activities:							
Water	253,046	260,776	0	0	0	7,730	7,730
Sewer	50,321	44,090	0	0	0	(6,231)	(6,231)
Total Business-type Activities	303,367	304,866	0	0	0	1,499	1,499
Total	\$ 3,136,652	\$ 530,424	\$ 170,831	\$ 75,628	(2,361,268)	1,499	(2,359,769)
General Revenues:							
Property Taxes					2,640,408	0	2,640,408
Interest and Penalties on Delinquent Taxes					24,814	0	24,814
General State Grants					106,999	0	106,999
Unrestricted Investment Earnings					2,710	103	2,813
Insurance Proceeds					7,764	0	7,764
Gain on Sale of Property and Equipment					26,105	0	26,105
Other Revenues					3,639	0	3,639
Transfers					2,500	(2,500)	0
Total General Revenues and Transfers					2,814,939	(2,397)	2,812,542
Change in Net Position					453,671	(898)	452,773
Net Position - July 1, 2017, As Restated					5,437,701	1,003,602	6,441,303
Net Position - June 30, 2018					\$ 5,891,372	\$ 1,002,704	\$ 6,894,076

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

TOWN OF BRISTOL, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	West Street Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 9,662	\$ 159,271	\$ 0	\$ 501,373	\$ 106,761	\$ 315,155	\$ 0	\$ 210,085	\$ 1,302,307
Investments	0	0	0	0	0	0	0	17,700	17,700
Receivables	119,960	0	2,927	0	0	0	0	7,162	130,049
Loans Receivable (Net of Allowance for Uncollectibles)	0	457,822	0	0	0	0	0	0	457,822
Due from Other Funds	331,259	0	64,895	0	0	0	0	12,011	408,165
Advances to Other Funds	0	25,000	0	0	0	0	0	0	25,000
Prepaid Expenses	122,359	0	0	0	0	0	0	0	122,359
Total Assets	\$ 583,240	\$ 642,093	\$ 67,822	\$ 501,373	\$ 106,761	\$ 315,155	\$ 0	\$ 246,958	\$ 2,463,402
LIABILITIES									
Overdrawn Cash	\$ 94,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,030
Accounts Payable	27,055	0	2,243	0	0	164,069	115,335	6,844	315,546
Accrued Payroll and Benefits Payable	30,070	0	4,210	0	0	0	0	0	34,280
Due to Other Funds	0	0	0	197,999	1,650	0	138,954	14,925	353,528
Advances from Other Funds	0	0	0	0	0	0	0	25,000	25,000
Unearned Revenue	7,465	0	0	0	0	0	0	10,440	17,905
Total Liabilities	158,620	0	6,453	197,999	1,650	164,069	254,289	57,209	840,289
DEFERRED INFLOWS OF RESOURCES									
Unavailable Property Taxes, Penalty and Interest	75,369	0	0	0	0	0	0	0	75,369
Unavailable Loans	0	445,603	0	0	0	0	0	0	445,603
Unavailable Grant Revenue	0	0	0	0	0	0	0	7,162	7,162
Property Tax Overpayments/Prepayments	8,272	0	0	0	0	0	0	0	8,272
Total Deferred Inflows of Resources	83,641	445,603	0	0	0	0	0	7,162	536,406
FUND BALANCES/(DEFICIT)									
Nonspendable	122,359	0	0	0	0	0	0	17,700	140,059
Restricted	0	196,490	61,369	0	0	0	0	51,350	309,209
Committed	0	0	0	303,374	105,111	151,086	0	48,803	608,374
Assigned	0	0	0	0	0	0	0	96,073	96,073
Unassigned/(Deficit)	218,620	0	0	0	0	0	(254,289)	(31,339)	(67,008)
Total Fund Balances/(Deficit)	340,979	196,490	61,369	303,374	105,111	151,086	(254,289)	182,587	1,086,707
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 583,240	\$ 642,093	\$ 67,822	\$ 501,373	\$ 106,761	\$ 315,155	\$ 0	\$ 246,958	

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. 9,002,334

Other Assets are not Available to Pay for Current Period Expenditures, and, Therefore, are Deferred in the Funds. 528,134

Long-term and Accrued Liabilities, Including Bonds Payable and Net Pension Liability are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds. (4,923,016)

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. 197,213

Net Position of Governmental Activities \$ 5,891,372

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, 2018

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	West Street Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:									
Property Taxes	\$ 2,156,646	\$ 0	\$ 425,862	\$ 58,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,640,811
Penalties and Interest	24,814	0	0	0	0	0	0	0	24,814
Licenses, Fees and Fines	54,499	0	8,473	0	0	0	0	4,846	67,818
Intergovernmental Revenues	218,536	0	3,548	0	0	0	0	99,524	321,608
Contributions and Donations	0	0	0	2,015	0	0	0	25,511	27,526
Charges for Services	83,647	0	28,551	0	0	0	0	0	112,198
Investment Income	779	0	0	743	184	278	0	726	2,710
Loan Interest Income	0	14,038	0	0	0	0	0	0	14,038
Loan Repayments	0	68,462	0	0	0	0	0	0	68,462
Other Revenues	3,877	575	2,613	0	0	151	0	875	8,091
Total Revenues	2,542,798	83,075	469,047	61,061	184	429	0	131,482	3,288,076
EXPENDITURES:									
General Government	655,797	0	0	2,645	1,881	0	0	94,711	755,034
Public Safety	219,651	0	413,967	4,582	0	0	0	16,405	654,605
Public Works	688,241	0	0	0	0	984	0	4,963	694,188
Sanitation	7,777	0	0	0	0	0	0	0	7,777
Cemetery	3,527	0	0	0	0	0	0	0	3,527
Culture & Recreation	253,778	0	0	0	0	0	0	19,640	273,418
Community Development	0	25,600	0	0	0	0	0	0	25,600
Capital Outlay:									
General Government	0	0	0	0	0	0	0	71,244	71,244
Public Safety	0	0	0	31,490	0	0	0	0	31,490
Public Works	0	0	0	164,928	0	270,360	527,130	39,575	1,001,993
Debt Service:									
Principal	201,146	0	0	0	0	0	0	0	201,146
Interest	73,403	0	0	0	0	0	0	0	73,403
Total Expenditures	2,103,320	25,600	413,967	203,645	1,881	271,344	527,130	246,538	3,793,425
Excess/(Deficiency) of Revenues Over Expenditures	439,478	57,475	55,080	(142,584)	(1,697)	(270,915)	(527,130)	(115,056)	(505,349)
Other Financing Sources/(Uses):									
Proceeds from Long-term Debt	0	0	0	0	0	0	405,783	2,241	408,024
Proceeds from Sale of Property and Equipment	0	0	0	26,105	0	0	0	0	26,105
Insurance Proceeds	7,764	0	0	0	0	0	0	0	7,764
Transfers In	0	0	0	140,500	30,000	169,720	0	11,000	351,220
Transfers Out	(305,000)	0	(15,500)	0	(27,220)	0	0	(1,000)	(348,720)
Total Other Financing Sources/(Uses)	(297,236)	0	(15,500)	166,605	2,780	169,720	405,783	12,241	444,393
Net Change in Fund Balances	142,242	57,475	39,580	24,021	1,083	(101,195)	(121,347)	(102,815)	(60,956)
Fund Balances/(Deficit) - July 1, 2017, As Restated	198,737	139,015	21,789	279,353	104,028	252,281	(132,942)	285,402	1,147,663
Fund Balances/(Deficit) - June 30, 2018	\$ 340,979	\$ 196,490	\$ 61,369	\$ 303,374	\$ 105,111	\$ 151,086	\$ (254,289)	\$ 182,587	\$ 1,086,707

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, 2018

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)	\$ (60,956)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$1,104,727) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$325,934).	778,793
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(37,489)
The issuance of long-term debt (\$408,024) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$201,146) 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.	(206,878)
Governmental funds report employer pension contributions as expenditures (\$52,641). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$94,333) is reported as pension expense.	(41,692)
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>21,893</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 453,671</u></u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Property Taxes	\$ 2,144,886	\$ 2,156,646	\$ 11,760
Delinquent Taxes - Interest	10,000	11,879	1,879
Delinquent Taxes - Penalty	16,000	12,935	(3,065)
Fish and Wildlife Pond Access PILOT	790	664	(126)
National Forest Payments	13,169	15,262	2,093
Current Use Program	77,850	91,073	13,223
Total Taxes	<u>2,262,695</u>	<u>2,288,459</u>	<u>25,764</u>
Licenses, Fines & Fees:			
Liquor Licenses	1,100	1,180	80
Dog Licenses	2,325	2,055	(270)
Dog Fines	400	333	(67)
Police Fines	9,500	7,797	(1,703)
Parking Permit Fees	315	380	65
Town Clerk Fees	34,000	34,388	388
Motor Vehicle Reg. Renewals	600	451	(149)
Zoning Fees	9,500	5,915	(3,585)
School Treasurer's Fee	2,000	2,000	0
Total Licenses, Fines & Fees	<u>59,740</u>	<u>54,499</u>	<u>(5,241)</u>
Recreation Department:			
Revenues	55,000	63,812	8,812
Town Appropriations - 4 Towns	9,000	9,500	500
Youth Center Event & Rental Income	1,200	1,006	(194)
Pottery Studio	13,050	11,175	(1,875)
Hall Events	2,000	2,574	574
Hall Rentals	3,000	3,830	830
Total Recreation Department	<u>83,250</u>	<u>91,897</u>	<u>8,647</u>
Highway Department:			
State Aid for Highways	96,935	95,871	(1,064)
Equipment Use - Water/Landfill	5,000	1,250	(3,750)
Garage Rent from Water Department	500	0	(500)
Miscellaneous	500	3,148	2,648
Grant Revenues	0	4,489	4,489
Total Highway Department	<u>102,935</u>	<u>104,758</u>	<u>1,823</u>
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	896	709	(187)
Act 60 Reimbursements	1,682	1,677	(5)
Total Reimbursements to Town	<u>2,578</u>	<u>2,386</u>	<u>(192)</u>
Other Revenues:			
Interest	500	779	279
Insurance Proceeds	0	7,764	7,764
Miscellaneous Revenues	250	20	(230)
Total Other Revenues	<u>750</u>	<u>8,563</u>	<u>7,813</u>
Total Revenues	<u>2,511,948</u>	<u>2,550,562</u>	<u>38,614</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
General Expenses:			
Supplies	\$ 3,000	\$ 3,418	\$ (418)
Furnishings	300	372	(72)
Equipment	3,700	1,917	1,783
Computer	0	1,336	(1,336)
Office Machine Service	0	436	(436)
Advertising	1,220	9,843	(8,623)
Postage	4,700	3,716	984
Telephone	2,300	2,311	(11)
Pub. Official & Empl. Practices Ins.	12,771	12,126	645
Landfill - Fees	525	504	21
Miscellaneous	<u>1,500</u>	<u>2,038</u>	<u>(538)</u>
Total General Expenses	<u>30,016</u>	<u>38,017</u>	<u>(8,001)</u>
Administrator's Office:			
Salaries	77,217	82,111	(4,894)
FICA	5,907	6,606	(699)
Health Insurance	28,511	15,498	13,013
Retirement	5,904	6,760	(856)
Workers Compensation	245	345	(100)
Disability Insurance	960	688	272
Mileage	1,500	1,533	(33)
Training	<u>250</u>	<u>440</u>	<u>(190)</u>
Total Administrator's Office	<u>120,494</u>	<u>113,981</u>	<u>6,513</u>
Clerk/Treasurer's Office:			
Salaries	76,945	74,772	2,173
FICA	5,886	5,698	188
Health Insurance	26,358	22,180	4,178
Retirement	5,771	3,947	1,824
Workers Compensation	245	312	(67)
Disability Insurance	656	770	(114)
Training	300	30	270
Supplies	3,800	3,413	387
Software & Programming	1,100	1,035	65
Equipment	750	931	(181)
Postage	1,300	1,140	160
Telephone	1,775	1,766	9
Microfilming	550	155	395
Miscellaneous	<u>200</u>	<u>165</u>	<u>35</u>
Total Clerk/Treasurer's Office	<u>125,636</u>	<u>116,314</u>	<u>9,322</u>
Listing Department:			
Salaries	16,715	9,220	7,495
FICA	1,279	725	554
Workers Compensation	123	156	(33)
Mileage	250	0	250
Training	300	0	300
Supplies	400	106	294
Software	1,500	1,871	(371)
Equipment	200	120	80
Postage	250	559	(309)
Telephone	1,000	872	128
Legal Fees	250	462	(212)
Professional Fees	750	0	750
Map Maintenance	1,800	0	1,800
Miscellaneous	<u>100</u>	<u>0</u>	<u>100</u>
Total Listing Department	<u>24,917</u>	<u>14,091</u>	<u>10,826</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Planning & Zoning:			
Salaries	\$ 29,674	\$ 17,493	\$ 12,181
FICA	2,270	1,360	910
Health Insurance	997	486	511
Retirement	263	209	54
Workers Compensation	123	156	(33)
Disability Insurance	36	29	7
Mileage	500	98	402
Training	300	0	300
Supplies	900	172	728
Advertising	600	395	205
Postage	600	246	354
Attorney Fees	3,500	0	3,500
Planning Services	6,000	0	6,000
Printing	350	99	251
Meetings	700	0	700
Total Planning & Zoning	46,813	20,743	26,070
Professional Fees:			
Attorney Fees	5,050	724	4,326
Audit Fees	22,000	17,305	4,695
Total Professional Fees	27,050	18,029	9,021
Town Report:	1,500	1,060	440
Meetings & Elections:			
Election Workers	1,000	1,969	(969)
Election Supplies	1,700	1,433	267
Total Meetings & Elections	2,700	3,402	(702)
Town Officers:			
Salaries	6,220	6,071	149
Collector of Delinquent Taxes	5,000	4,657	343
Conservation Commission	350	100	250
Energy Committee	200	0	200
FICA/MEDI	858	765	93
Training	200	0	200
Total Town Officers	12,828	11,593	1,235
Town Parks:			
Supplies	650	880	(230)
Electricity	1,500	1,350	150
Liability Insurance	2,098	1,834	264
Mowing	9,950	6,345	3,605
Maintenance	675	4,231	(3,556)
Sycamore Park Portolet	400	660	(260)
Landfill Fees	1,450	1,434	16
Total Town Parks	16,723	16,734	(11)

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Holley Hall:			
Supplies	\$ 1,100	\$ 798	\$ 302
Equipment	250	456	(206)
Heating Fuel	4,250	4,999	(749)
Electricity	4,265	4,376	(111)
Custodial	4,840	4,943	(103)
Building Maintenance	6,000	8,481	(2,481)
Liability Insurance	4,448	5,286	(838)
Holley Hall Renovation Bond	55,492	55,886	(394)
Sewer Fees	650	664	(14)
Water Fees	350	250	100
	<u>81,645</u>	<u>86,139</u>	<u>(4,494)</u>
Total Holley Hall			
Howden Hall:			
Supplies	200	18	182
Heating Fuel	1,695	1,694	1
Electricity	1,613	802	811
Telephone	576	93	483
Liability Insurance	4,545	3,668	877
Services	1,150	2,725	(1,575)
Coach House	0	1,363	(1,363)
Water Fees	295	334	(39)
Debt Service	7,430	7,427	3
	<u>17,504</u>	<u>18,124</u>	<u>(620)</u>
Total Howden Hall			
Public Safety:			
Dog Officer	1,646	1,685	(39)
FICA	126	83	43
Dog Pound	1,500	579	921
Street Lights	28,500	24,814	3,686
Town Traffic Control	10,000	10,180	(180)
Police Services - Outside District	5,300	2,880	2,420
	<u>47,072</u>	<u>40,221</u>	<u>6,851</u>
Total Public Safety			
Fire Department:			
Labor	24,300	44,737	(20,437)
FICA/MEDI	1,859	3,371	(1,512)
Dues	1,040	858	182
Training	2,700	833	1,867
OSHA Requirements	5,600	2,796	2,804
Supplies	8,860	6,227	2,633
Electricity	13,200	7,394	5,806
Propane	8,800	2,805	5,995
Gas & Oil	2,500	1,903	597
Telephone	3,600	3,694	(94)
Dispatching	3,850	4,186	(336)
Building Maintenance	8,200	11,062	(2,862)
Workers Compensation	5,427	6,263	(836)
Accident & Disability Insurance	2,600	2,133	467
Liability Insurance	17,371	14,669	2,702
Water Fees	500	250	250

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Hose Replacement	\$ 2,982	\$ 0	\$ 2,982
CTI Tower Lease	3,376	3,095	281
Radios and Pagers Repair	6,500	869	5,631
Radios and Pagers Replacement	0	95	(95)
Firefighting Equipment Repairs	4,500	3,263	1,237
2007 Engine Tanker Repairs	2,350	10,122	(7,772)
Pumper - Hose Reel	1,785	1,188	597
1997 Engine One	2,550	30,320	(27,770)
Utility Vehicle Repair	1,400	3,096	(1,696)
Heavy Rescue Vehicle Repair	1,060	546	514
Brush Truck	1,410	626	784
Bond Facility	143,450	142,024	1,426
Bond Payment - 2007 Eng. Tanker	31,722	31,722	0
Fire Prevention	400	572	(172)
Fire/Uniforms & Apparel	4,000	5,367	(1,367)
Fire Plant, Property and Equipment	13,000	6,250	6,750
Miscellaneous	200	840	(640)
Total Fire Department	331,092	353,176	(22,084)
Lawrence Memorial Library:			
Maintenance	250	250	0
Workers Compensation	246	313	(67)
Disability Insurance	650	587	63
Liability Insurance	2,491	2,073	418
Total Lawrence Memorial Library	3,637	3,223	414
Cemetery Care:	3,470	3,527	(57)
Other Debt Service & Transfers:			
Tax Anticipation Interest	1,100	989	111
Total Other Debt Service & Transfers	1,100	989	111
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,830	4,819	11
Addison County Tax	14,300	12,241	2,059
Addison County Economic Dev. Corp.	3,500	3,500	0
Vermont League of Cities & Towns	5,419	5,419	0
Christmas Committee	400	340	60
Fourth of July Bristol PD Expense	805	1,362	(557)
Chamber of Commerce	0	175	(175)
Tax Abatement Expense	0	1,932	(1,932)
Total Dues, Taxes, Contributions	29,254	29,788	(534)
Post Closure Monitoring:	9,950	7,027	2,923
Land Fill Closure:	0	750	(750)

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Highway Department:			
Personnel & Insurance:			
Salaries	\$ 254,383	\$ 249,463	\$ 4,920
Overtime	23,500	27,606	(4,106)
FICA/MEDI	21,258	20,173	1,085
Health Insurance	60,641	61,313	(672)
Retirement	21,291	20,880	411
Workers Compensation	21,218	22,814	(1,596)
Disability Insurance	3,000	2,402	598
Uniforms	2,000	1,761	239
Mileage	400	979	(579)
Training	600	158	442
Liability Insurance	14,362	12,237	2,125
Total Personnel & Insurance	<u>422,653</u>	<u>419,786</u>	<u>2,867</u>
Equipment:			
Supplies	16,000	17,442	(1,442)
Parts	13,000	14,604	(1,604)
Tires	6,000	6,590	(590)
Fuels	45,000	36,679	8,321
Oil, Anti-freeze	2,500	2,590	(90)
Purchases	2,600	2,374	226
Contracted Repairs	13,000	10,665	2,335
Equipment Rentals	500	0	500
Total Equipment	<u>98,600</u>	<u>90,944</u>	<u>7,656</u>
Garage:			
Supplies	5,500	5,605	(105)
Heating Fuels (Old Garage)	4,500	1,601	2,899
Propane (New Garage)	3,000	2,261	739
Electricity	3,600	3,405	195
Telephone	2,100	2,318	(218)
Pagers	1,000	440	560
Maintenance	2,500	2,885	(385)
Water Fees	300	254	46
Landfill Fees	600	587	13
Total Garage	<u>23,100</u>	<u>19,356</u>	<u>3,744</u>
Materials & Services:			
Road Gravel	22,000	14,370	7,630
Winter Sand	32,000	27,897	4,103
Salt	50,000	58,766	(8,766)
Chloride	22,000	22,000	0
Cold Patch	1,000	2,055	(1,055)
Culverts	4,500	4,976	(476)
Signs	4,000	2,936	1,064
Tree Work	6,000	6,080	(80)
Pavement Marking	1,000	0	1,000
Sidewalks	17,000	472	16,528
Guard Rail	2,500	3,570	(1,070)
Storm Drainage	1,000	951	49
Contracted Services	15,000	13,340	1,660
Miscellaneous	1,000	742	258
Total Materials & Services	<u>179,000</u>	<u>158,155</u>	<u>20,845</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Indebtedness			
Stormwater Bond (2010)	\$ 34,920	\$ 34,920	\$ 0
South Street Bridge Replacement	<u>17,250</u>	<u>1,581</u>	<u>15,669</u>
Total Indebtedness	<u>52,170</u>	<u>36,501</u>	<u>15,669</u>
Total Highway Department	<u>775,523</u>	<u>724,742</u>	<u>50,781</u>
Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	64,993	61,664	3,329
Additional Labor	500	0	500
FICA	5,010	4,428	582
Health Insurance	17,183	12,883	4,300
Retirement	4,874	4,639	235
Workers Compensation	1,532	1,850	(318)
Disability Insurance	750	510	240
Liability Insurance	1,500	0	1,500
Mileage	350	0	350
Training	500	416	84
Supplies	1,000	933	67
Equipment	2,100	1,144	956
Advertising	3,000	1,872	1,128
Facilities Rent	1,000	2,025	(1,025)
Postage	350	55	295
Telephone	1,700	1,376	324
Holley Hall Custodial	2,800	2,172	628
Printing	2,000	1,635	365
Programs	30,000	39,121	(9,121)
Events	4,500	4,226	274
Annual Fees	300	410	(110)
Miscellaneous	<u>300</u>	<u>208</u>	<u>92</u>
Total General Recreation Department	<u>146,242</u>	<u>141,567</u>	<u>4,675</u>
Youth Center/Skate Park:			
Full Time Labor	21,312	18,574	2,738
Part Time Labor	16,697	23,712	(7,015)
FICA	2,908	2,704	204
Health Insurance	14,869	2,659	12,210
Retirement	2,851	1,152	1,699
Workers Compensation	1,532	1,915	(383)
Disability Insurance	370	204	166
Travel	300	63	237
Hub Rent to Recreation Club	7,200	7,200	0
Supplies	1,000	959	41
Food	2,500	3,032	(532)
Equipment	0	171	(171)
Heat	2,500	1,573	927
Electricity	1,600	1,372	228
Telephone	1,310	1,295	15
Programs/Workshops	1,800	644	1,156
Water Fees	275	250	25
Trash Disposal	504	29	475
Maintenance	<u>1,000</u>	<u>1,314</u>	<u>(314)</u>
Total Youth Center/Skate Park	<u>80,528</u>	<u>68,822</u>	<u>11,706</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Pottery Studio:			
Labor	\$ 12,795	\$ 12,795	\$ 0
Supplies	1,000	796	204
Kiln	820	668	152
Heat	100	495	(395)
Electricity	400	366	34
Rent	7,800	7,800	0
Telephone	510	512	(2)
Total Pottery Studio	<u>23,425</u>	<u>23,432</u>	<u>(7)</u>
Total Arts, Parks & Recreation Department	<u>250,195</u>	<u>233,821</u>	<u>16,374</u>
Voted Appropriations:			
Capital Equipment Fund	95,000	95,000	0
Capital Fire Equipment Fund	25,000	25,000	0
Capital Technology Fund	5,000	5,000	0
Capital Building Fund	30,000	30,000	0
Capital Road Fund	40,000	40,000	0
Capital Road Fund - Paving	100,000	100,000	0
Conservation Reserve Fund	10,000	10,000	0
Lawrence Memorial Library	135,073	135,073	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	11,306	11,306	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	13,500	13,500	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.	750	750	0
WomenSafe	3,500	3,500	0
Total Voted Appropriations	<u>552,829</u>	<u>552,829</u>	<u>0</u>
Total Expenditures	<u>2,511,948</u>	<u>2,408,320</u>	<u>103,628</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Excess of Revenues Over Expenditures	\$ <u>0</u>	\$ 142,242	\$ <u>142,242</u>
Fund Balance - July 1, 2017, As Restated		<u>198,737</u>	
Fund Balance - June 30, 2018		\$ <u>340,979</u>	

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property Taxes	\$ 425,862	\$ 425,862	\$ 0
Detail Revenues	3,500	7,186	3,686
Town Traffic Patrol Contract	10,000	10,000	0
MAUHS Contract	8,000	9,160	1,160
Non-District Service Fees	5,400	2,205	(3,195)
Fines	9,000	8,473	(527)
ICAC	0	867	867
Homeland Security Grant	0	2,681	2,681
Miscellaneous	1,200	2,613	1,413
	<u>462,962</u>	<u>469,047</u>	<u>6,085</u>
Total Revenues			
Expenditures:			
Full-time Labor	169,458	170,903	(1,445)
Part-time Labor	32,105	8,321	23,784
Detail Labor	2,800	2,297	503
Clerical	9,013	4,725	4,288
Administrator	5,145	5,151	(6)
Overtime	18,400	17,690	710
Homeland Security	0	3,280	(3,280)
ICAC	0	1,235	(1,235)
FICA/MEDI	18,124	16,524	1,600
Health Insurance	29,692	37,881	(8,189)
State Retirement	15,075	15,083	(8)
Worker's Compensation	49,570	33,280	16,290
Disability Insurance	2,090	1,760	330
Uniforms	2,000	1,726	274
Training	2,600	418	2,182
Computer	3,000	30	2,970
Office Supplies	2,500	868	1,632
Equipment	1,000	130	870
General Supplies	800	400	400
Vehicle Gas/Oil	7,500	6,355	1,145

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:/(Cont'd)			
Advertising	\$ 0	\$ 167	\$ (167)
Vehicle Maintenance	6,200	2,157	4,043
Facility Expenses	42,761	42,939	(178)
Postage	745	253	492
Communications	9,733	12,640	(2,907)
Legal	1,000	13,678	(12,678)
Insurance	15,051	13,585	1,466
Capital Vehicle Reserve	12,500	12,500	0
Capital Equipment Reserve	3,000	3,000	0
Crime Prevention	900	396	504
Miscellaneous	200	95	105
	462,962	429,467	33,495
 Excess of Revenues Over Expenditures	\$ 0	39,580	\$ 39,580
 Fund Balance - July 1, 2017		21,789	
 Fund Balance - June 30, 2018		\$ 61,369	

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 60,044	\$ 21,325	\$ 81,369
Receivables (Net of Allowance for Uncollectible Accounts)	81,470	11,976	93,446
Prepaid Expenses	<u>6,076</u>	<u>788</u>	<u>6,864</u>
Total Current Assets	<u>147,590</u>	<u>34,089</u>	<u>181,679</u>
Noncurrent Assets:			
Capital Assets			
Plant and Equipment	2,888,397	583,262	3,471,659
Accumulated Depreciation	<u>(1,110,869)</u>	<u>(291,634)</u>	<u>(1,402,503)</u>
Total Noncurrent Assets	<u>1,777,528</u>	<u>291,628</u>	<u>2,069,156</u>
Total Assets	<u>\$ 1,925,118</u>	<u>\$ 325,717</u>	<u>\$ 2,250,835</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 3,958	\$ 728	\$ 4,686
Accrued Payroll	266	0	266
Accrued Interest Payable	3,702	397	4,099
Unearned Revenue	553	256	809
Due to Other Funds	30,225	24,412	54,637
General Obligation Bonds Payable - Current Portion	<u>37,399</u>	<u>9,916</u>	<u>47,315</u>
Total Current Liabilities	<u>76,103</u>	<u>35,709</u>	<u>111,812</u>
Noncurrent Liabilities:			
Compensated Absences Payable	619	245	864
General Obligation Bonds Payable - Noncurrent Portion	<u>1,080,021</u>	<u>55,434</u>	<u>1,135,455</u>
Total Noncurrent Liabilities	<u>1,080,640</u>	<u>55,679</u>	<u>1,136,319</u>
Total Liabilities	<u>1,156,743</u>	<u>91,388</u>	<u>1,248,131</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	660,108	226,278	886,386
Unrestricted	<u>108,267</u>	<u>8,051</u>	<u>116,318</u>
Total Net Position	<u>768,375</u>	<u>234,329</u>	<u>1,002,704</u>
Total Liabilities and Net Position	<u>\$ 1,925,118</u>	<u>\$ 325,717</u>	<u>\$ 2,250,835</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for Services	\$ 256,725	\$ 43,718	\$ 300,443
Penalties and Interest	4,051	122	4,173
Other Income	0	250	250
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	260,776	44,090	304,866
Operating Expenses:			
Operations	159,353	34,213	193,566
Depreciation	62,826	14,581	77,407
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	222,179	48,794	270,973
Operating Income/(Loss)	<u> </u> 38,597	<u> </u> (4,704)	<u> </u> 33,893
Non-Operating Revenue/(Expenses):			
Investment Income	70	33	103
Interest Expense	(30,867)	(1,527)	(32,394)
	<u> </u>	<u> </u>	<u> </u>
Total Non-Operating Revenue/(Expenses)	(30,797)	(1,494)	(32,291)
Net Income/(Loss) Before Capital Contributions and Transfers	<u> </u> 7,800	<u> </u> (6,198)	<u> </u> 1,602
Transfers:			
Transfers Out	<u> </u> (2,500)	<u> </u> 0	<u> </u> (2,500)
Total Transfers	<u> </u> (2,500)	<u> </u> 0	<u> </u> (2,500)
Change in Net Position	5,300	(6,198)	(898)
Net Position - July 1, 2017, As Restated	<u> </u> 763,075	<u> </u> 240,527	<u> </u> 1,003,602
Net Position - June 30, 2018	<u> </u> \$ 768,375	<u> </u> \$ 234,329	<u> </u> \$ 1,002,704

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, 2018

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 252,630	\$ 44,820	\$ 297,450
Payments for Wages and Benefits	(11,534)	(3,528)	(15,062)
Payments for Goods and Services	(156,775)	(34,314)	(191,089)
Net Cash Provided by Operating Activities	<u>84,321</u>	<u>6,978</u>	<u>91,299</u>
Cash Flows From Noncapital Financing Activities:			
(Decrease)/Increase in Due to Other Funds	(93,538)	4,209	(89,329)
Transfers to Other Funds	(2,500)	0	(2,500)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(96,038)</u>	<u>4,209</u>	<u>(91,829)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(235,290)	0	(235,290)
Proceeds of Long-Term Debt	319,217	0	319,217
Principal Paid on General Obligation Bonds	(36,363)	(9,541)	(45,904)
Interest Paid on General Obligation Bonds	(30,867)	(1,477)	(32,344)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>16,697</u>	<u>(11,018)</u>	<u>5,679</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	70	33	103
Net Cash Provided by Investing Activities	<u>70</u>	<u>33</u>	<u>103</u>
Net Increase in Cash	5,050	202	5,252
Cash - July 1, 2017	<u>54,994</u>	<u>21,123</u>	<u>76,117</u>
Cash - June 30, 2018	<u>\$ 60,044</u>	<u>\$ 21,325</u>	<u>\$ 81,369</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 38,597	\$ (4,704)	\$ 33,893
Depreciation	62,826	14,581	77,407
(Increase)/Decrease in Accounts Receivable	(7,337)	1,944	(5,393)
(Increase)/Decrease in Prepaid Expenses	(3,797)	(788)	(4,585)
Increase/(Decrease) in Accounts Payable	(5,294)	(2,790)	(8,084)
Increase/(Decrease) in Unearned Revenue	(809)	(1,214)	(2,023)
Increase/(Decrease) in Accrued Payroll Payable	135	(51)	84
Net Cash Provided by Operating Activities	<u>\$ 84,321</u>	<u>\$ 6,978</u>	<u>\$ 91,299</u>

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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.

West Street Fund – The West Street Fund was established to account for the capital improvement expenditures of West Street.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

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, 2018

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, 2018

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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.

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

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

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas government-wide statements report revenues when they are earned.

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

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

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

TOWN OF BRISTOL, VERMONT
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B. Restatement of Net Positions/Fund Balances

The net position of the governmental activities and business-type activities were restated as follows:

	Governmental Activities	Business-type Activities
Net Position - June 30, 2017, As Originally Reported	\$ 5,584,058	\$ 870,660
Correction of Errors:		
Understatement of Unearned Revenue	(13,415)	0
Reclassification of Fund Included as Part of the Water Fund that Should have been a Governmental Fund	(132,942)	132,942
Net Position - June 30, 2017, As Restated	\$ 5,437,701	\$ 1,003,602

The restatement of the governmental activities was the result of an understatement of unearned revenue. The effect of this restatement on the governmental activities Statement of Net Position is to increase liabilities by \$13,415 and decrease net position by \$13,415. The effect on the 2017 Statement of Activities has not been determined. In addition, the Town reclassified the West Street Fund that was erroneously included as part of the Water Fund in the business-type activities resulting in a \$132,942 decrease in the governmental activities net position.

The restatement of the business-type activities was the result of the reclassification of the West Street Fund that was erroneously included as part of the Water Fund that should have been a governmental fund resulting in a \$132,942 increase in the business-type activities net position.

The fund balances/net position of the Governmental Funds and Proprietary Funds were restated as follows:

	Governmental Funds		Proprietary Fund
	General Fund	West Street Fund	Water Fund
Fund Balances/Net Position - June 30, 2017, As Originally Reported	\$ 212,152	\$ 0	\$ 630,133
Correction of Errors:			
Understatement of Unearned Revenue	(13,415)	0	0
Reclassification of Fund Included as Part of the Water Fund that Should have been a Governmental Fund	0	(132,942)	132,942
Fund Balances/Net Position - June 30, 2017, As Restated	\$ 198,737	\$ (132,942)	\$ 763,075

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The restatement of the General Fund was the result of an understatement of unearned revenue. The effect of this restatement on the General Fund Balance Sheet is to increase liabilities by \$13,415 and decrease fund balance by \$13,415. The effect on the 2017 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined.

The Town reclassified the West Street Fund that was erroneously included as part of the Water Fund resulting in a \$132,942 increase in the Water Fund net position.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2018 consisted of the following:

Cash:		
Deposits with Financial Institutions		\$1,381,025
Cash on Hand		<u> 2,651</u>
Total Cash		<u>1,383,676</u>
Investments:		
Certificate of Deposit		<u> 17,700</u>
Total Cash and Investments		<u>\$1,401,376</u>

The Town has one (1) certificate of deposit with People's United Bank in the amount of \$17,700, with an interest rate of 0.30% and maturity date of September 14, 2018.

At June 30, 2018, the Town had an overdrawn cash balance at the bank in the amount of \$3,481 and an overdrawn book balance in the amount of \$94,030.

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.

TOWN OF BRISTOL, VERMONT
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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	\$ 464,780	\$ 462,321
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>933,945</u>	<u>933,945</u>
Total	<u>\$1,398,725</u>	<u>\$1,396,266</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,381,025
Investments – Certificate of Deposit	<u>17,700</u>
Total	<u>\$1,398,725</u>

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.

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:

TOWN OF BRISTOL, VERMONT
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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.

Concentration of Credit Risk

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

B. Receivables

Receivables at June 30, 2018, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Delinquent Taxes	\$ 103,642	\$ 0	\$ 103,642
Penalties and Interest	12,343	0	12,343
Accounts Receivable	6,900	1,241	8,141
Grants Receivable	7,164	0	7,164
Billed Services	0	73,465	73,465
Unbilled Services	0	18,740	18,740
Total	<u>\$ 130,049</u>	<u>\$ 93,446</u>	<u>\$ 223,495</u>

TOWN OF BRISTOL, VERMONT
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C. Loans Receivable

Loans Receivable at June 30, 2018 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, 2019 through September 1, 2023 All Secured by Business Assets. One (1) Note in the Amount of \$74,989 is in Default.	\$532,811
Less: Allowance for Doubtful Accounts	<u>(74,989)</u>
Reported Value at June 30, 2018	<u>\$457,822</u>

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

<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>
\$ <u>575,673</u>	\$ <u>25,600</u>	\$ <u>68,462</u>	\$ <u>532,811</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 237,300	\$ 0	\$ 0	\$ 237,300
Construction in Progress	112,931	0	112,931	0
Total Capital Assets, Not Being Depreciated	<u>350,231</u>	<u>0</u>	<u>112,931</u>	<u>237,300</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	4,513,408	71,245	0	4,584,653
Furniture and Equipment	710,056	3,332	0	713,388
Vehicles	1,423,500	196,417	46,032	1,573,885
Infrastructure	3,538,423	946,664	0	4,485,087
Totals	<u>10,185,387</u>	<u>1,217,658</u>	<u>46,032</u>	<u>11,357,013</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	414,581	115,590	0	530,171
Furniture and Equipment	498,255	37,389	0	535,644
Vehicles	1,012,616	78,686	46,032	1,045,270
Infrastructure	386,625	94,269	0	480,894
Totals	<u>2,312,077</u>	<u>325,934</u>	<u>46,032</u>	<u>2,591,979</u>
Total Capital Assets, Being Depreciated	<u>7,873,310</u>	<u>891,724</u>	<u>0</u>	<u>8,765,034</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,223,541</u>	<u>\$ 891,724</u>	<u>\$ 112,931</u>	<u>\$ 9,002,334</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 193,437	\$ 219,414	\$ 412,851	\$ 0
Total Capital Assets, Not Being Depreciated	193,437	219,414	412,851	0
Capital Assets, Being Depreciated:				
Water and Sewer Systems	2,989,174	422,627	0	3,411,801
Equipment	19,394	6,100	0	25,494
Vehicles	34,364	0	0	34,364
Totals	3,042,932	428,727	0	3,471,659
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,276,629	75,625	0	1,352,254
Equipment	14,103	1,782	0	15,885
Vehicles	34,364	0	0	34,364
Totals	1,325,096	77,407	0	1,402,503
Total Capital Assets, Being Depreciated	1,717,836	351,320	0	2,069,156
Business-type Activities Capital Assets, Net	\$ 1,911,273	\$ 570,734	\$ 412,851	\$ 2,069,156

Depreciation expense is charged to functions as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 30,941	Water	\$ 62,826
Public Safety	112,589	Sewer	14,581
Highways and Streets	174,862		
Culture and Recreation	7,542		
Total Depreciation Expense - Governmental Activities	\$ 325,934	Total Depreciation Expense - Business-type Activities	\$ 77,407

E. Interfund Balances and Activity

The Due To/From balances as of June 30, 2018 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 331,259	\$ 0
Police Fund	64,895	0
Capital Equipment Fund	0	197,999
Capital Building Fund	0	1,650
West Street Fund	0	138,954
Non-Major Governmental Funds	12,011	14,925
Water Fund	0	30,225
Sewer Fund	0	24,412
Total	\$ 408,165	\$ 408,165

TOWN OF BRISTOL, VERMONT
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The Revolving Loan Fund loaned the Holley Hall Acoustics Fund \$25,000 to be repaid over five (5) years with interest at 1%.

Interfund transfers during the year ended June 30, 2018 were as follows:

Transfer From	Amount	Transfer To	Amount	Purpose
General Fund	\$ 95,000	Capital Equipment Fund	\$ 95,000	Annual Funding for Highway Equipment
General Fund	25,000	Capital Equipment Fund	25,000	Annual Funding for Fire Equipment
General Fund	5,000	Capital Equipment Fund	5,000	Annual Funding for Capital Technology
General Fund	30,000	Capital Building Fund	30,000	Annual Funding
General Fund	100,000	Capital Roads Fund	100,000	Annual Funding for Paving
General Fund	40,000	Capital Roads Fund	40,000	Annual Funding for Road Construction
General Fund	10,000	Conservation Fund	10,000	Annual Funding
Police Fund	12,500	Capital Equipment Fund	12,500	Annual Funding for Vehicle Replacement
Police Fund	3,000	Capital Equipment Fund	3,000	Annual Funding for Police Equipment
Capital Building Fund	27,220	Capital Roads Fund	27,220	Fund Paving Expenses
Pass-through Grants Fund	1,000	Tennis Grant Fund	1,000	Close Fund
Water Fund	<u>2,500</u>	Capital Roads Fund	<u>2,500</u>	Fund Paving Expenses
Total	\$ <u>351,220</u>		\$ <u>351,220</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$5,854 from the difference between the expected and actual experience, \$84,236 from changes in assumptions, \$67,018 from the difference between the projected and actual investment earnings, \$6,381 resulting from changes in proportion and differences between employer contributions and proportionate share of contributions and \$52,641 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 \$216,130.

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$7,465 of recreation fees received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$10,440 of grant revenue received in advance.

Unearned Revenue in the Water Fund and Sewer Fund consists of \$553 and \$256, respectively, of fees received in advance. This revenue will be earned as the water and sewer fees are billed.

H. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$8,272 of prepaid property taxes, \$9,961 from the difference between the expected and actual experience and \$8,956 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 \$27,189.

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Deferred Inflows of Resources in the General Fund consists of \$75,369 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 \$8,272 of prepaid property taxes. Total Deferred Inflows of Resources in the General Fund is \$83,641.

Deferred Inflows of Resources in the Revolving Loan Fund consists of \$445,603 of loans receivable.

Deferred Inflows of Resources in the Non-Major Governmental Funds consists of \$7,162 of grant revenue that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

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 \$325,920.

The following is an estimate of post-closure costs:

Estimated post-closure costs per year	\$	11,640
Years to maintain		28
Total Liability for costs of post-closure monitoring at June 30, 2018	\$	325,920

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.

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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, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Governmental Activities:</u>				
Note Payable, Peoples United Bank, 2011 Holley Hall Improvements, Interest at 3.1%, Due April 19, 2019. The Town Plans to Renew this Note Annually and Reduce the Principal by \$10,000 per Year Over the Next Three (3) Years	\$ 40,000	\$ 0	\$ 10,000	\$ 30,000
Bond Payable, Vermont Municipal Bond Bank, 2007 Fire Engine Tanker, Annual Principal Payments of \$30,000 Due November 15 Annually, Interest Rates Ranging From 2.72% to 4.01% Due Semi-Annually on May 15 and November 15, Due November, 2018	60,000	0	30,000	30,000
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$30,000 Due December 1 through December 1, 2020 at Which Time They Increase to \$35,000 Payable Annually through December 1, 2030, Interest Rates Ranging from 1.033% to 3.426% Due Semi-Annually on June 1 and December 1, Due December, 2030	470,000	0	30,000	440,000

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	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Note Payable, National Bank of Middlebury, 2013 Howden Hall Lift, Annual Principal Payments of \$7,000 Payable on October 7, Interest at 2.95%, Due October, 2018	\$ 14,000	\$ 0	\$ 7,000	\$ 7,000
Bond Payable, State of Vermont Special Environmental Revolving Fund (AR1-026), Stormwater Improvements, Annual Principal Payments Ranging from \$23,500 to \$34,235 Payable on December 1, Interest at 0%, Administration Fee at 2.0% Due December, 2031	448,691	0	25,946	422,745
Bond Anticipation Note, Peoples United Bank, South Street Bridge, Authorized to \$150,000, Interest at 1.95%, Due August, 2018. The Town Refinanced this Bond Anticipation Note with Bond Proceeds to be Repaid Over Five (5) Years	94,300	2,241	0	96,541
Bond Payable, National Bank of Middlebury, Public Safety Facility, Annual Principal Payments of \$98,200 Payable on August 1, Interest at 1.54%, Due August, 2046	2,794,779	0	98,200	2,696,579
Bond Anticipation Note, People's United Bank, West Street Public Water and Storm Water Improvements, Interest at 2.95%, Due November, 2018, Authorized to \$800,000. This Bond is Split 56% to the Governmental Activities and 44% to the Business-type Activities. In November, this was Extended For Six (6) Months	<u>0</u>	<u>405,783</u>	<u>0</u>	<u>405,783</u>
Total Governmental Activities	<u>3,921,770</u>	<u>408,024</u>	<u>201,146</u>	<u>4,128,648</u>

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	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Business-type Activities:</u>				
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$10,000 Due December 1, Interest Rates Ranging from 1.033% to 3.426% Due Semi-Annually on June 1 and December 1, Due December, 2020	\$ 40,000	\$ 0	\$ 10,000	\$ 30,000
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, Due December, 2023	74,891	0	9,541	65,350
Bond Payable, Vermont Municipal Bond Bank, Water Line Construction, Interest at 3.93%, Principal and Interest Payments of \$55,894 Due Semi-Annually on June 1 and December 1, Due December, 2036	750,566	0	26,363	724,203
Bond Payable, Vermont Municipal Bond Bank, West Street Preliminary Engineering, Interest at 0%, Principal Payments of \$8,800 Due Annually Beginning September 1, 2020, Due September, 2024.	44,000	0	0	44,000
Bond Anticipation Note, People's United Bank, West Street Public Water and Storm Water Improvements, Interest at Due November, 2018, Authorized to \$800,000. This Bond is Split 56% to the Governmental Activities and 44% to the Business-type Activities. In November, this was Extended For Six (6) Months	<u>0</u>	<u>319,217</u>	<u>0</u>	<u>319,217</u>
Total Business-type Activities	<u>909,457</u>	<u>319,217</u>	<u>45,904</u>	<u>1,182,770</u>
Total Long-term Debt	<u>\$4,831,227</u>	<u>\$ 727,241</u>	<u>\$ 247,050</u>	<u>\$5,311,418</u>

TOWN OF BRISTOL, VERMONT
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Changes in all long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 3,773,470	\$ 0	\$ 184,146	\$ 3,589,324	\$ 184,665
Notes Payable	54,000	0	17,000	37,000	17,000
Bond Anticipation Notes	94,300	408,024	0	502,324	0
Compensated Absences	54,053	0	7,525	46,528	0
Net Pension Liability	411,291	0	8,917	402,374	0
Landfill Estimated Post Closure Costs	<u>337,560</u>	<u>0</u>	<u>11,640</u>	<u>325,920</u>	<u>11,640</u>
 Total Governmental Activities					
Long-term Liabilities	<u>\$ 4,724,674</u>	<u>\$ 408,024</u>	<u>\$ 229,228</u>	<u>\$ 4,903,470</u>	<u>\$ 213,305</u>
 Business-type Activities					
General Obligation Bonds	\$ 909,457	\$ 0	\$ 45,904	\$ 863,553	\$ 47,315
Bond Anticipation Note	0	319,217	0	319,217	0
Compensated Absences	<u>864</u>	<u>0</u>	<u>0</u>	<u>864</u>	<u>0</u>
 Total Business-type Activities					
Long-term Liabilities	<u>\$ 910,321</u>	<u>\$ 319,217</u>	<u>\$ 45,904</u>	<u>\$ 1,183,634</u>	<u>\$ 47,315</u>

Debt service requirements to maturity are as follows:

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 201,665	\$ 66,768	\$ 47,315	\$ 31,121
2020	165,194	62,563	48,782	29,324
2021	165,734	59,883	59,106	27,454
2022	161,284	56,363	52,339	23,999
2023	161,846	53,000	50,690	25,677
2024-2028	818,057	217,549	209,010	96,478
2029-2033	728,965	136,874	217,894	57,325
2034-2038	491,000	86,956	178,417	12,865
2039-2043	491,000	49,149	0	0
2044-2048	241,579	11,342	0	0
Unknown	<u>502,324</u>	<u>0</u>	<u>319,217</u>	<u>0</u>
 Total	 <u>\$ 4,128,648</u>	 <u>\$ 800,447</u>	 <u>\$ 1,182,770</u>	 <u>\$ 304,243</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$122,359
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Non-Major Fund

Nonspendable Martha Parker Fund by Bequest	<u>17,700</u>
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Total Nonspendable Fund Balances	<u>\$140,059</u>
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TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Major Funds

Revolving Loan Fund:

Restricted for Revolving Loan Fund by Grant Agreement (Source of Revenue is Grant Revenue)	<u>\$196,490</u>
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Police Fund:

Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>61,369</u>
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Non-Major Funds

Restricted for Record Restoration Expenditures by Statute (Source of Revenue is Recording Fees)	30,806
Restricted for Recreation Department Expenditures by Donations (Source of Revenue is Donations)	4,375
Restricted for Howden Hall Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	1,220
Restricted for Peveril Peake Expenditures by Donations (Source of Revenue is Donations)	4,521
Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	2,319
Restricted for United Way of Addison County Expenditures By Grant Agreements (Source of Revenue is Grant Revenue)	5,357
Restricted for Skate Park Expenditures by Donations (Source of Revenue is Grant Revenue and Donations)	1,020
Restricted for Various Non-Major Governmental Funds by Donations and Grant Agreements (Source of Revenue is Grant Revenue and Donations)	<u>1,732</u>

Total Non-Major Funds	<u>51,350</u>
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Total Restricted Fund Balances	<u>\$309,209</u>
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The fund balance in the following fund is committed as follows:

Major Funds:

Capital Equipment Fund:

Committed for Fire Department Capital Expenditures by the Voters	\$250,409
Committed for Police Capital Equipment Expenditures by the Voters	29,408
Committed for Capital Equipment Expenditures by the Voters	<u>23,557</u>

Total Capital Equipment Fund	<u>303,374</u>
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TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

Capital Building Fund:	
Committed for Capital Building Expenditures by the Voters	<u>\$105,111</u>
Capital Roads Fund:	
Committed for Capital Road Expenditures by the Voters	<u>151,086</u>
<u>Non-Major Funds:</u>	
Committed for Conservation Expenditures by the Voters	<u>48,803</u>
Total Committed Fund Balances	<u>\$608,374</u>

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

<u>Non-Major Funds:</u>	
Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	\$93,160
Assigned for Lister Education Expenses (Source of Revenue is Grant Revenue)	<u>2,913</u>
Total Assigned Fund Balances	<u>\$96,073</u>

The unassigned deficit of \$254,289 in the West Street Fund will be funded by the collection of future bond proceeds.

The Non-Major Governmental Funds unassigned deficits of \$24,076, \$4,005, \$121, \$877 and \$2,260 in the Holley Hall Acoustics Fund, the GHSP Equipment Incentive Fund, the Tennis Fund, the Click It or Ticket Fund and the Dry Hydrant Fund, respectively, will be funded with future grant revenue and donations.

L. Net Position

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

Restricted for Revolving Loan Expenditures	\$642,093
Restricted for Police Expenditures	61,369
Restricted for Restoration of Records Expenditures	30,806
Restricted for Martha Parker Fund Expenditures	17,700
Restricted for Various Non-Major Governmental Funds Expenditures	<u>20,544</u>
Total Restricted Net Position	<u>\$772,512</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the retirement system consisted of 423 participating employers.

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

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

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

Pension Liability, Pension Expense and Deferred Outflows of Resources

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 0.3321% resulting in a net pension liability of \$402,374. The net pension liability was measured as of June 30, 2017, 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 municipalities, actuarially determined. The Town's proportion of 0.3321% was an increase of 0.0125 from its proportion measured as of the prior year.

For the year ended June 30, 2018, the Town recognized pension expense of \$94,333.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

As of June 30, 2018, 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	\$ 5,854	\$ 9,961
Changes in assumptions	84,236	0
Difference between projected and actual investment earnings	67,018	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,381	8,956
Town's required employer contributions made subsequent to the measurement date	<u>52,641</u>	<u>0</u>
	<u>\$ 216,130</u>	<u>\$ 18,917</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$52,641 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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>	
2019	\$ 49,365
2020	74,415
2021	22,352
2022	<u>(1,560)</u>
Total	<u>\$144,572</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Service Retirement Allowance:

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

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

Maximum benefit is 50% of AFC for Groups C. The previous amount includes the portion of the allowance provided by member contributions.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

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

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

Member Contributions – Group C – 10.00%.

Employer Contributions – Group C – 7.25%.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation, a decrease from 7.95% in the prior year.

Salary increases: 5% per year.

Mortality – The mortality tables were updated for the current year from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement:

Death in Active Service: Group C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-Retirement: Group C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-Retirement: Group C – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Group C members, a decrease from 1.8% in the prior year (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

Actuarial Cost Method: Entry age actuarial cost method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: 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 market value of assets by more than 20%.

Inflation: 2.50%, a decrease from 3% in the prior year.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	16%	6.07%
Non-US Equity	16%	7.42%
Global Equity	9%	6.85%
Real Estate	8%	4.62%
Private Markets	15%	7.80%
Hedge Funds	8%	3.95%
Risk Parity	4%	4.84%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, a decrease from 7.95% in the prior year. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$718,412	\$402,374	\$140,271

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.

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2018 were \$4,105.

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 2018 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.6804	1.7566
General	.2581	.2581
Highway	.2307	.2307
Recreation	.0573	.0573
Fire	.0200	.0200
Police	.3635	.3635
Special Articles	.1896	.1896
Local Agreement	<u>.0059</u>	<u>.0059</u>
 Total Tax Rate/per \$100 of Assessed Valuation	 <u>2.8055</u>	 <u>2.8817</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

D. LEASES

The Town's Police Department entered into an operating lease for office space in 2015. The lease is for ten (10) years. Lease expense for the fiscal year 2018 was \$38,162. Future minimum lease payments are as follows:

2019	\$ 38,720
2020	38,895
2021	38,895
2022	38,895
2023	38,895
2024	<u>9,724</u>
Total	<u>\$204,024</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, 2018 was \$5,670.

One Selectboard member is an owner of a carpentry company which performed services for the Town during the year. The amount paid to his carpentry company for the fiscal year ending June 30, 2018 was \$2,200.

F. SUBSEQUENT EVENTS

On August 8, 2018, the Town executed a Bond Anticipation Note in the amount of \$65,774 from People's United Bank for improvements to South Street Bridge. This note is due on August 7, 2019 with interest at 2.95%.

TOWN OF BRISTOL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2018

	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3321%	0.3196%	0.3387%	0.3590%
Town's Proportionate Share of the Net Pension Liability	\$ 402,374	\$ 411,291	\$ 261,155	\$ 32,764
Town's Covered Employee Payroll	\$ 726,067	\$ 748,097	\$ 675,956	\$ 682,595
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	55.4183%	54.9783%	38.6349%	4.7999%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2017 valuation date:

- Assumed inflation was lowered from 3.0% to 2.5%.
- The investment return assumption was lowered from 7.95% to 7.50%.
- Assumed COLA increases were lowered from 1.50% to 1.15% for Group A members and from 1.80% to 1.3% for Group B, C and D members.
- The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

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

TOWN OF BRISTOL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 52,641	\$ 54,237	\$ 48,573	\$ 47,351
Contributions in Relation to the Actuarially Determined Contributions	<u>52,641</u>	<u>54,237</u>	<u>48,573</u>	<u>47,351</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 726,067	\$ 748,097	\$ 675,956	\$ 682,595
Contributions as a Percentage of Town's Covered Employee Payroll	7.250%	7.250%	7.186%	6.937%

Notes to Schedule

Valuation Date: June 30, 2017

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

TOWN OF BRISTOL, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Water and Wastewater Disposal Systems for Rural Communities	10.760		\$ 0	\$ 746,544
Total U.S. Department of Agriculture			<u>0</u>	<u>746,544</u>
<u>U.S. Department of Health and Human Resources</u>				
Passed through State of Vermont Department of Health				
Personal Responsibility Education Program	93.092	03240-6423S	<u>0</u>	<u>8,727</u>
Total U.S. Department of health and Human Services			<u>0</u>	<u>8,727</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Homeland Security Grant	97.067	02140-77152-1741	<u>0</u>	<u>12,543</u>
Total U.S. Department of Homeland Security			<u>0</u>	<u>12,543</u>
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	08100-GR1017	0	1,478
State and Community Highway Safety	20.600	08100-GR1167	0	5,041
Total Highway Safety Cluster			<u>0</u>	<u>6,519</u>
<u>Highway Planning and Construction Cluster:</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08135-ER0118	<u>0</u>	<u>52,702</u>
Total Highway Planning and Construction Cluster			<u>0</u>	<u>52,702</u>
Total U.S. Department of Transportation			<u>0</u>	<u>59,221</u>

See Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State of Vermont Agency of Commerce and Community Development				
Community Development Block Grant	14.228	07110-PG-BRISTOL-00003	\$ 17,403	\$ 17,403
Total U.S. Department of Housing and Urban Development			<u>17,403</u>	<u>17,403</u>
<u>U.S. Department of Justice</u>				
Direct Program:				
Missing Childrens Assistance	16.543		<u>0</u>	<u>2,682</u>
Total U.S Department of Justice			<u>0</u>	<u>2,682</u>
Total Federal Awards			\$ <u>17,403</u>	\$ <u>847,120</u>

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Town of Bristol, Vermont under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of St. Bristol, Vermont it is not intended to and does not present the financial position, changes in net position or cash flows.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Bristol, Vermont has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

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, Vermont
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, 2018, 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 March 12, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Bristol, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2018-01 and 2018-02 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2018-03 to be a significant deficiency.

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the Town of Bristol, Vermont in a separate letter dated March 12, 2019.

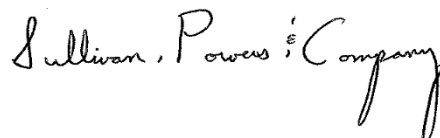
Town of Bristol, Vermont's Response to Deficiencies in Internal Control

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

Purpose of this Report

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

March 12, 2019
Montpelier, Vermont
VT Lic. #92-000180



77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Bringham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
[VT Lic. #92-000180](#)

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Bristol, Vermont compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) "Compliance Supplement" that could have a direct and material effect on the Town of Bristol, Vermont's major federal program for the year ended June 30, 2018. The Town of Bristol, Vermont's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Deficiencies in Internal Control.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Bristol, Vermont's major federal program based on our audit of the types of compliance requirements referred to previously.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and Title 2 U.S. "Code of Federal Regulations" Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to previously that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bristol, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Town of Bristol, Vermont's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Bristol, Vermont complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

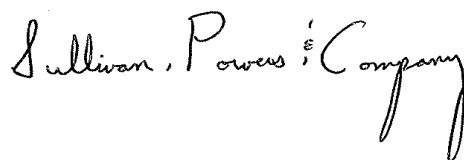
The management of the Town of Bristol, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to previously. In planning and performing our audit of compliance, we considered the Town of Bristol, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bristol, Vermont's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

March 12, 2019
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF BRISTOL VERMONT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018

A single audit was not required in the prior year.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2018

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:
Unmodified.

Internal Control Over Financial Reporting:
Material Weaknesses identified:
Yes.
Significant Deficiencies identified not considered to be material weaknesses:
Yes.

Noncompliance material to financial statements:
None noted.

Federal Awards

Internal Control Over Major Programs:
Material Weaknesses identified:
None noted.
Significant Deficiencies identified not considered to be material weaknesses:
None noted.

Type of auditor's report issued on compliance for major programs:
Unmodified.

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

Major Programs:

<u>CFDA #</u>	<u>Program</u>	<u>Federal Agency</u>
10.760	Water and Wastewater Disposal Systems for Rural Communities	U.S. Department of Agriculture

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The auditee did not qualify as a low risk auditee.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2018

Deficiencies in Internal Control:

Material Weaknesses:

2018-01 Timely Reconciliation of Cash Accounts

Criteria:

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

Condition:

Bank reconciliations for all bank accounts were not being completed on a monthly basis. This resulted in variances that were required to be researched and adjusted as well as the Town having an overdrawn cash balance in the General Fund checking account at year end.

Cause:

Unknown.

Effect:

The Town's financial records may not report the true cash position of the Town at a given date.

Recommendation:

We recommend that the Town reconcile their bank accounts to the general ledger on a monthly basis so that errors can be detected and corrected.

2018-02 Controls Over Accounts Payable

Criteria:

Internal controls should be in place to ensure that accounts payable are recorded in the proper fiscal year. Accounts payable should be recorded based on the timing of services provided or when goods are received.

Condition:

There were insufficient controls in place to ensure that all accounts payable were recorded in the proper fiscal year. As a result, adjustments were required in order to record accounts payable.

Cause:

Unknown.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2018

Effect:

The Town's accounts payable balances were incorrect.

Recommendation:

We recommend that the Town implement controls to ensure they review their end of the year invoices in order to properly record all accounts payable.

Significant Deficiencies:

2018-03 Grants Receivable/Unearned Income/Deferred Inflows of Resources

Criteria:

Internal controls should be in place to ensure that the grants receivable, unearned income and related deferred inflows of resources balances are recorded properly at year end.

Condition:

The grants receivable, unearned income and related deferred inflows of resources accounts were not reconciled to the actual balances at year end which resulted in various adjustments.

Cause:

Unknown.

Effect:

The Town's grants receivable, unearned income and related deferred inflows of resources balances were incorrect.

Recommendation:

We recommend that the Town reconcile the grants receivable, unearned income and related deferred inflows of resources balances to supporting documentation at least annually in order to detect and correct errors.

Town of Bristol
Management Response
June 30, 2018 Audit Report

2018-01 Timely Reconciliation of Cash Accounts

Finding: Bank reconciliations for all bank accounts were not being completed on a monthly basis. This resulted in variances that were required to be researched and adjusted as well as the Town having an overdrawn cash balance in the General Fund.

Recommendation: The Town reconciles their bank accounts to the general ledger on a monthly basis so that errors can be detected and corrected.

Management Response: Due to maternity leave and illness within the Treasurer office there was some difficulty between absences in getting the monthly reconciliation complete. We agree with the recommendation and have established an additional cash reconciliation to the monthly reconciliation. Peter Ryan (Assistant Treasurer) completes the monthly reconciliation and Jen Myers (Treasurer) completes the cash reconciliation. In the event of a future absence adjustments to duties will be made to continue completion of both bank and cash reconciliation.

2018-02 Controls Over Accounts Payable

Finding: There were insufficient controls in place to ensure that all accounts payable were recorded in the proper fiscal year. As a result, adjustments were required in order to record accounts payable.

Recommendation: We recommend that the Town implement controls to ensure they review their end of year invoices in order to properly record all accounts payable.

Management Response: Currently after the year ends, we separate out invoices into prior year and current year input. We create separate warrants for each so all associated invoices with the warrant can be filed in the correct fiscal year. With changeover in personnel, there was a misunderstanding about how and when invoices were paid. We have made it clear going forward invoices for prior year need to be submitted and paid in a timely manner so we can be sure to code it to the proper fiscal year.

2018-03 Grants Receivable/Unearned Income/Deferred Inflows of Resources

Finding: The grants receivable, unearned income and related deferred inflows of resource accounts were not reconciled to the actual balances at year end which resulted in various adjustments.

Recommendation: We recommend that the Town reconcile the grants receivable, unearned income and related deferred inflows of resources balances to supporting documentation at least annually in order to detect and correct errors.

Management Response: We agree with the recommendation made. Currently we are trying to organize our grant files, with the person running the grant copying and/or providing all the documentation to be filed in the Treasurer's office. With the various absences in the Treasurer's Office entries were not made due to the accounts not having been reconciled. Our goal is to address grants on a more regular basis to prevent this issue going forward.