

TOWN OF BRISTOL, VERMONT

AUDIT REPORT

JUNE 30, 2011

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

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

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, 2011, which collectively comprise the Town of Bristol, Vermont's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Bristol, Vermont's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

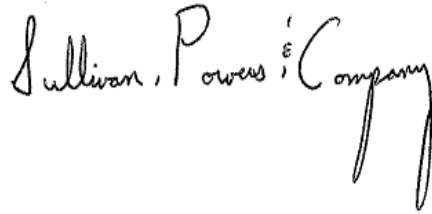
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bristol, Vermont as of June 30, 2011 and the respective changes in its financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Police Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV.H. to the financial statements, the Town of Bristol, Vermont adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

The Town of Bristol, Vermont has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is required to supplement the basic financial statements.

In accordance with "Government Auditing Standards", we have also issued our report dated April 25, 2012 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

April 25, 2012
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 date and location information.

TOWN OF BRISTOL, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2011

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash	\$ 888,569	\$ 165,965	\$ 1,054,534
Investments	82,103	398,300	480,403
Receivables	111,248	52,043	163,291
Notes Receivable	374,030	0	374,030
Prepaid Expenses	33,385	0	33,385
Internal Balances	(62,377)	62,377	0
Capital Assets			0
Land	93,400	0	93,400
Other Capital Assets (Net of Accumulated Depreciation)	<u>3,206,772</u>	<u>1,963,346</u>	<u>5,170,118</u>
Total Assets	<u>4,727,130</u>	<u>2,642,031</u>	<u>7,369,161</u>
 <u>LIABILITIES</u>			
Accounts Payable	111,363	0	111,363
Deferred Revenue	4,820	0	4,820
Accrued Interest Payable	2,301	1,494	3,795
Noncurrent Liabilities:			
Due within One Year	80,000	25,000	105,000
Due in More than One Year	<u>1,527,013</u>	<u>1,759,217</u>	<u>3,286,230</u>
Total Liabilities	<u>1,725,497</u>	<u>1,785,711</u>	<u>3,511,208</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	1,719,188	799,623	2,518,811
Restricted	761,868	0	761,868
Unrestricted	<u>520,577</u>	<u>56,697</u>	<u>577,274</u>
Total Net Assets	<u>\$ 3,001,633</u>	<u>\$ 856,320</u>	<u>\$ 3,857,953</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, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental Activities:							
General Government	\$ 667,757	\$ 42,210	\$ 24,887	\$ 50,000	\$ (550,660)	\$ 0	\$ (550,660)
Public Safety	488,958	54,249	4,800	0	(429,909)	0	(429,909)
Public Works	796,641	10,445	108,545	570,985	(106,666)	0	(106,666)
Community Development	0	22,414	0	0	22,414	0	22,414
Culture and Recreation	271,074	69,839	29,444	0	(171,791)	0	(171,791)
Interest on Long-Term Debt	11,181	0	0	0	(11,181)	(47,269)	(58,450)
Total Governmental Activities	2,235,611	199,157	167,676	620,985	(1,247,793)	(47,269)	(1,295,062)
Business-Type Activities:							
Water	186,049	241,473	0	0	0	55,424	55,424
Wastewater	35,225	30,674	0	0	0	(4,551)	(4,551)
Landfill	191,585	172,477	0	0	0	(19,108)	(19,108)
Total Business-Type Activities	412,859	444,624	0	0	0	31,765	31,765
Total	\$ 2,648,470	\$ 643,781	\$ 167,676	\$ 620,985	(1,247,793)	(15,504)	(1,263,297)
General Revenues:							
Property Taxes					1,841,136	0	1,841,136
Interest and Penalties on Delinquent Taxes					35,006	0	35,006
Payment in Lieu of Taxes					899	0	899
General State Grants					98,839	0	98,839
Unrestricted Investment Earnings					5,052	879	5,931
Other Revenues					20,688	0	20,688
Gain on Sale of Capital Assets					13,760	0	13,760
Loss on Disposal of Capital Assets					(3,261)	0	(3,261)
Transfers					(23,178)	23,178	0
Total General Revenues and Transfers					1,988,941	24,057	2,012,998
Change in Net Assets					741,148	8,553	749,701
Net Assets, As Restated - July 1, 2010					2,260,485	847,767	3,108,252
Net Assets - June 30, 2011					\$ 3,001,633	\$ 856,320	\$ 3,857,953

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

TOWN OF BRISTOL, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Revolving Loan Fund	Police Fund	Holley Hall Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Stormwater Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS										
Cash	\$ 179,064	\$ 194,820	\$ 795	\$ 0	\$ 111,981	\$ 56,247	\$ 120,061	\$ 0	\$ 225,601	\$ 888,569
Investments	0	62,519	0	0	0	0	0	0	19,584	82,103
Receivables	92,880	0	5	0	0	0	0	0	18,363	111,248
Loans Receivable	0	374,030	0	0	0	0	0	0	0	374,030
Due from Other Funds	0	0	28,631	0	0	0	0	0	11,419	40,050
Prepaid Expenses	33,385	0	0	0	0	0	0	0	0	33,385
Total Assets	<u>\$ 305,329</u>	<u>\$ 631,369</u>	<u>\$ 29,431</u>	<u>\$ 0</u>	<u>\$ 111,981</u>	<u>\$ 56,247</u>	<u>\$ 120,061</u>	<u>\$ 0</u>	<u>\$ 274,967</u>	<u>\$ 1,529,385</u>
LIABILITIES										
Liabilities:										
Accounts Payable	\$ 111,363	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,363
Due to Other Funds	44,243	0	0	0	0	4,322	4,322	0	49,540	102,427
Deferred Revenue	44,591	362,000	0	0	0	0	0	0	0	406,591
Total Liabilities	<u>200,197</u>	<u>362,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,322</u>	<u>4,322</u>	<u>0</u>	<u>49,540</u>	<u>620,381</u>
Fund Balances/(Deficit):										
Nonspendable	33,385	0	0	0	0	0	0	0	0	33,385
Restricted	0	269,369	29,431	0	0	0	0	0	101,068	399,868
Assigned	10,000	0	0	0	111,981	51,925	115,739	0	132,255	421,900
Unassigned	61,747	0	0	0	0	0	0	0	(7,896)	53,851
Total Fund Balances	<u>105,132</u>	<u>269,369</u>	<u>29,431</u>	<u>0</u>	<u>111,981</u>	<u>51,925</u>	<u>115,739</u>	<u>0</u>	<u>225,427</u>	<u>909,004</u>
Total Liabilities and Fund Balances	<u>\$ 305,329</u>	<u>\$ 631,369</u>	<u>\$ 29,431</u>	<u>\$ 0</u>	<u>\$ 111,981</u>	<u>\$ 56,247</u>	<u>\$ 120,061</u>	<u>\$ 0</u>	<u>\$ 274,967</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.

3,300,172

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

401,771

Long-Term and Accrued Liabilities, Including Bonds Payable, are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.

(1,609,314)

Net Assets of Governmental Activities

\$ 3,001,633

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, 2011

	General Fund	Revolving Loan Fund	Police Fund	Holley Hall Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Stormwater Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:										
Property Taxes	\$ 1,536,733	\$ 0	\$ 304,403	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,841,136
Penalties and Interest	34,141	0	0	0	0	0	0	0	0	34,141
Licenses, Fees and Fines	53,286	0	19,011	0	0	0	0	0	3,158	75,455
Intergovernmental Revenues	168,584	0	4,800	58,275	0	0	0	0	71,926	303,585
Contributions and Donations	0	0	0	0	0	0	0	0	14,379	14,379
Charges for Services	79,620	0	21,105	0	0	0	0	0	0	100,725
Investment Income	3,746	0	5	169	161	99	149	0	723	5,052
Loan Interest Income	0	22,414	0	0	0	0	0	0	0	22,414
Loan Repayments	0	72,875	0	0	0	0	0	0	0	72,875
Other Revenues	6,692	382	864	0	2,250	0	0	0	10,513	20,701
Total Revenues	1,882,802	95,671	350,188	58,444	2,411	99	149	0	100,699	2,490,463
EXPENDITURES:										
Current:										
General Government	594,546	921	0	0	11,065	0	0	98	35,054	641,684
Public Safety	129,094	0	299,911	0	0	0	0	0	31	429,036
Public Works	658,398	0	0	0	0	650	0	0	15,893	674,941
Culture & Recreation	213,111	0	0	0	0	0	0	0	51,955	265,066
Capital:										
General Government	0	0	0	705,703	0	139,086	0	0	0	844,789
Public Works	46,341	0	0	0	69,997	0	13,582	403,226	0	533,146
Debt Service:										
Principal	40,000	0	0	0	0	0	0	0	0	40,000
Interest	10,181	0	0	0	0	0	0	0	0	10,181
Total Expenditures	1,691,671	921	299,911	705,703	81,062	139,736	13,582	403,324	102,933	3,438,843
Excess/(Deficiency) of Revenues Over Expenditures	191,131	94,750	50,277	(647,259)	(78,651)	(139,637)	(13,433)	(403,324)	(2,234)	(948,380)
Other Financing Sources/(Uses):										
Transfers In	0	0	0	5,536	92,500	60,000	35,000	12,966	16,000	222,002
Transfers Out	(222,500)	0	(7,500)	0	0	(5,322)	(4,322)	0	(5,536)	(245,180)
Proceeds of Long Term Debt	0	0	0	750,000	0	0	0	1,099,948	0	1,849,948
Sale of Equipment	0	0	0	0	13,760	0	0	0	0	13,760
Total Other Financing Sources/(Uses)	(222,500)	0	(7,500)	755,536	106,260	54,678	30,678	1,112,914	10,464	1,840,530
Net Change in Fund Balances	(31,369)	94,750	42,777	108,277	27,609	(84,959)	17,245	709,590	8,230	892,150
Fund Balances/(Deficit) - July 1, 2010	136,501	174,619	(13,346)	(108,277)	84,372	136,884	98,494	(709,590)	217,197	16,854
Fund Balances - June 30, 2011	\$ 105,132	\$ 269,369	\$ 29,431	\$ 0	\$ 111,981	\$ 51,925	\$ 115,739	\$ 0	\$ 225,427	\$ 909,004

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, 2011

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)	\$ 892,150
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$1,377,935) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$187,674). This is the amount by which capital outlays exceeded depreciation in the current period.	1,190,261
The net effect of various transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(3,261)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(72,010)
The issuance of long-term debt (\$1,849,948) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$610,985) 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.	(1,238,963)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(27,029)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 741,148</u></u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Taxes:			
Property Taxes	\$ 1,559,632	\$ 1,536,733	\$ (22,899)
Delinquent Taxes - Interest	10,000	11,397	1,397
Delinquent Taxes - Penalty	15,000	22,744	7,744
Fish and Wildlife Pond Access PILOT	900	899	(1)
National Forest Payments	8,000	13,313	5,313
Current Use Program	58,000	60,075	2,075
Total Taxes	1,651,532	1,645,161	(6,371)
Licenses, Fines & Fees:			
Liquor Licenses	1,300	1,150	(150)
Dog Licenses	2,500	2,531	31
Dog Fines	300	585	285
Police Fines	11,000	13,083	2,083
Town Clerk Fees	30,000	28,832	(1,168)
Motor Vehicle Reg. Renewals	1,400	1,050	(350)
Zoning Fees	5,000	4,305	(695)
School Treasurer's Fee	1,500	1,500	0
Total Licenses, Fines & Fees	53,000	53,036	36
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	14,700	15,380	680
Act 60 Reimbursements	1,600	1,645	45
Total Reimbursements to Town	16,300	17,025	725
Highway Department:			
State Aid for Highways	90,000	92,652	2,652
Equipment Use - Water/Landfill	8,000	9,635	1,635
Garage Rent from Water Department	400	400	0
Miscellaneous	500	410	(90)
Total Highway Department	98,900	103,097	4,197
Arts, Parks & Recreation Department:			
Program Registration Fees	63,000	58,401	(4,599)
Town Appropriations - 4 Towns	8,100	8,222	122
Youth Center Event & Rental Income	2,000	2,013	13
Hall Rentals	1,500	540	(960)
Total Arts, Parks & Recreation Department	74,600	69,176	(5,424)

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Other Revenues:			
Interest	\$ 6,000	\$ 3,746	\$ (2,254)
Tree Planting	500	1,000	500
Parking Permit Fees	200	250	50
Miscellaneous Revenues	2,000	5,692	3,692
Total Other Revenues	8,700	10,688	1,988
Total Revenue	1,903,032	1,898,183	(4,849)
Expenditures			
General Expenses:			
Supplies	3,000	3,401	(401)
Furnishings	800	184	616
Equipment	4,500	5,677	(1,177)
Advertising	1,500	1,065	435
Postage	1,200	2,529	(1,329)
Telephone	1,300	1,469	(169)
Pub. Official & Empl. Practices Ins.	11,650	10,779	871
Landfill - Fees	1,300	1,300	0
Miscellaneous	1,500	1,418	82
Total General Expenses	26,750	27,822	(1,072)
Administrator's Office:			
Salaries	64,369	66,015	(1,646)
Additional Labor	400	137	263
FICA	4,955	5,023	(68)
Health Insurance	9,100	9,368	(268)
Retirement	4,184	4,335	(151)
Workers Compensation	250	234	16
Disability Insurance	700	867	(167)
Mileage	1,200	1,223	(23)
Training	250	70	180
Total Administrator's Office	85,408	87,272	(1,864)
Clerk/Treasurer's Office:			
Salaries	62,380	61,527	853
FICA	4,772	4,667	105
Health Insurance	2,150	2,200	(50)
Retirement	4,055	3,387	668
Workers Compensation	275	251	24
Disability Insurance	550	517	33
Training	300	245	55
Supplies	3,800	3,397	403
Software & Programming	1,300	950	350
Equipment	500	316	184
Postage	1,500	1,503	(3)
Telephone	1,200	1,300	(100)
Microfilming	525	390	135
Miscellaneous	200	153	47
Total Clerk/Treasurer's Office	83,507	80,803	2,704

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Listing Department:			
Salaries	\$ 16,500	\$ 13,633	\$ 2,867
FICA	1,262	1,043	219
Workers Compensation	80	94	(14)
Mileage	300	376	(76)
Training	200	220	(20)
Supplies	500	577	(77)
Software	1,070	1,070	0
Equipment	200	319	(119)
Postage	200	223	(23)
Telephone	700	678	22
Legal Fees	500	442	58
Professional Fees	1,500	865	635
Map Maintenance	1,750	0	1,750
Miscellaneous	100	0	100
	<u>24,862</u>	<u>19,540</u>	<u>5,322</u>
Total Listing Department			
Planning & Zoning:			
Salaries	16,500	15,387	1,113
FICA	1,262	1,138	124
Health Insurance	2,150	2,155	(5)
Retirement	900	884	16
Workers Compensation	100	79	21
Disability Insurance	200	139	61
Mileage	600	867	(267)
Training	100	0	100
Supplies	400	432	(32)
Advertising	700	520	180
Postage	600	382	218
Attorney Fees	12,000	1,399	10,601
Planning Services	7,000	2,210	4,790
Printing	1,000	102	898
Meetings	900	950	(50)
	<u>44,412</u>	<u>26,644</u>	<u>17,768</u>
Total Planning & Zoning			
Professional Fees:			
Attorney Fees	5,000	3,841	1,159
Audit Fees	7,750	8,300	(550)
	<u>12,750</u>	<u>12,141</u>	<u>609</u>
Total Professional Fees			
Town Report	<u>2,300</u>	<u>1,356</u>	<u>944</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Meetings & Elections:			
Election Workers	\$ 2,300	\$ 1,636	\$ 664
Election Supplies	4,800	4,492	308
Total Meetings & Elections	7,100	6,128	972
Town Officers:			
Salaries	3,500	3,738	(238)
Collector of Delinquent Taxes	15,000	9,432	5,568
Conservation Commission	250	253	(3)
Energy Committee	250	98	152
FICA/MEDI	1,415	791	624
Training	100	196	(96)
Total Town Officers	20,515	14,508	6,007
Town Parks:			
Supplies	800	638	162
Electricity	700	857	(157)
Liability Insurance	625	784	(159)
Mowing	10,000	11,423	(1,423)
Maintenance	400	486	(86)
Sycamore Park Portolet	500	400	100
Tree Planting	500	1,000	(500)
Fountain	0	20	(20)
Landfill Fees	750	750	0
Miscellaneous	200	127	73
Total Town Parks	14,475	16,485	(2,010)
Holley Hall:			
Supplies	700	864	(164)
Equipment	100	0	100
Heating Fuel	7,100	9,104	(2,004)
Electricity	3,200	4,489	(1,289)
Custodial	3,750	3,546	204
Building Maintenance	2,000	3,107	(1,107)
Liability Insurance	3,750	3,270	480
Holley Hall Renovation Bond	0	8,378	(8,378)
Sewer Fees	550	500	50
Water Fees	300	107	193
Total Holley Hall	21,450	33,365	(11,915)
Howden Hall:			
Supplies	250	157	93
Heating Fuel	1,625	1,841	(216)
Electricity	1,600	1,856	(256)
Telephone	450	349	101
Liability Insurance	1,870	1,877	(7)
Maintenance & Custodial	800	855	(55)
Coach House	200	0	200
Water Fees	250	230	20
Total Howden Hall	7,045	7,165	(120)

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety			
Dog Officer	\$ 1,800	\$ 2,136	\$ (336)
FICA	138	163	(25)
Dog Pound	1,000	1,418	(418)
Street Lights	22,500	29,888	(7,388)
Police Services - Outside District	12,500	12,385	115
Total Public Safety	37,938	45,990	(8,052)
Fire Department:			
Labor	19,400	20,665	(1,265)
FICA/MEDI	1,484	1,581	(97)
Dues	825	805	20
Training	2,950	1,195	1,755
OSHA Requirements	4,775	5,110	(335)
Supplies	7,500	5,640	1,860
Heating Fuel	6,500	8,574	(2,074)
Electricity	2,600	2,505	95
Propane	450	0	450
Gas & Oil	3,000	3,134	(134)
Telephone	1,200	1,714	(514)
Dispatching	2,400	2,219	181
Building Maintenance	1,500	2,673	(1,173)
Workers Compensation	2,925	2,387	538
Accident & Disability Insurance	2,000	1,745	255
Liability Insurance	9,620	8,457	1,163
Water Fees	240	224	16
Landfill Fees	120	120	0
Radios and Pagers	3,400	3,598	(198)
Firefighting Equipment Repairs	3,500	3,668	(168)
2007 Engine Tanker Repairs	500	805	(305)
Pumper - Hose Reel	500	125	375
1997 Engine One	1,000	2,505	(1,505)
Utility Vehicle Repair	850	612	238
Car One	500	350	150
Heavy Rescue Vehicle Repair	850	1,382	(532)
Storage Heavy Rescue	1,200	1,200	0
Bond Payment - 1997 Eng. One	11,220	11,220	0
Bond Payment - 2007 Eng. Tanker	38,961	38,961	0
Fire Prevention	500	58	442
Miscellaneous	200	53	147
Total Fire Department	132,670	133,285	(615)
Lawrence Memorial Library:			
Health Insurance	14,000	15,078	(1,078)
Workers Compensation	250	121	129
Disability Insurance	450	415	35
Liability Insurance	2,575	2,449	126
Total Lawrence Memorial Library	17,275	18,063	(788)
Cemetery Care	2,500	2,668	(168)

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Tax Anticipation Interest	\$ 5,000	\$ 236	\$ 4,764
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,019	4,019	0
Addison County Tax	19,000	18,880	120
Addison County Economic Dev. Corp.	3,000	3,000	0
Vermont League of Cities & Towns	4,254	4,254	0
Christmas Committee	400	305	95
Fourth of July Bristol PD Expense	1,000	1,073	(73)
Chamber of Commerce	130	135	(5)
Tax Sale/Abatement Expense	0	2,961	(2,961)
Solid Waste Programs/Recycling	27,500	27,500	0
Total Dues, Taxes, Contributions	59,303	62,127	(2,824)
Highway Department:			
Personnel & Insurance:			
Salaries	221,000	211,481	9,519
Overtime	20,000	19,348	652
FICA/MEDI	18,437	17,795	642
Health Insurance	47,500	50,736	(3,236)
Retirement	14,460	15,182	(722)
Workers Compensation	15,000	14,335	665
Disability Insurance	2,400	1,993	407
Uniforms	1,500	812	688
Mileage	500	266	234
Training	1,200	135	1,065
Liability Insurance	12,500	11,726	774
Total Personnel & Insurance	354,497	343,809	10,688
Equipment:			
Supplies	12,000	13,367	(1,367)
Parts	10,000	9,829	171
Tires	6,400	6,310	90
Fuels	42,000	47,124	(5,124)
Oil, Anti-freeze	2,500	2,285	215
Purchases	2,500	2,439	61
Contracted Repairs	11,000	4,977	6,023
Equipment Rentals	500	0	500
Total Equipment	86,900	86,331	569

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Garage:			
Supplies	\$ 5,000	\$ 5,934	\$ (934)
Heating Fuels (Old Garage)	3,600	3,586	14
Propane (New Garage)	3,200	1,410	1,790
Electricity	3,000	3,272	(272)
Telephone	800	622	178
Pagers	650	405	245
Maintenance	2,500	7,813	(5,313)
Water Fees	600	225	375
Landfill Fees	200	200	0
Total Garage	19,550	23,467	(3,917)
Materials & Services:			
Road Gravel	20,000	20,227	(227)
Winter Sand	32,000	32,359	(359)
Salt	50,000	49,455	545
Chloride	22,000	21,633	367
Re-Paving	85,000	82,651	2,349
Cold Patch	1,000	871	129
Culverts	5,000	5,170	(170)
Signs	2,000	1,373	627
Tree Work	5,500	5,000	500
Sidewalks	15,000	14,122	878
Guard Rail	2,000	2,085	(85)
Storm Drainage	1,000	95	905
Contracted Services	13,000	15,284	(2,284)
Miscellaneous	1,000	807	193
Total Materials & Services	254,500	251,132	3,368
Total Highway Department	715,447	704,739	10,708
Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	63,495	59,293	4,202
Contracted Labor	500	375	125
FICA	4,857	4,491	366
Health Insurance	16,550	3,498	13,052
Retirement	2,924	17,540	(14,616)
Workers Compensation	2,550	2,960	(410)
Disability Insurance	500	465	35
Mileage	400	337	63
Training	575	850	(275)
Supplies	1,000	760	240
Equipment	1,500	1,136	364
Advertising	1,600	1,132	468
Facilities Rent	1,400	1,694	(294)
Postage	400	435	(35)
Telephone	1,600	1,747	(147)
Holley Hall Custodial	0	660	(660)
Printing	1,000	1,601	(601)
Programs	34,000	31,322	2,678
Annual Fees	300	292	8
Miscellaneous	300	382	(82)
Total General Recreation Department	135,451	130,970	4,481

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Arts, Parks & Recreation Department/(Cont'd):			
Youth Center/Skate Park:			
Full Time Labor	\$ 32,130	\$ 32,588	\$ (458)
Part Time Labor	9,000	8,922	78
FICA	3,147	3,176	(29)
Retirement	2,088	2,118	(30)
Workers Compensation	2,550	2,911	(361)
Disability Insurance	350	341	9
Travel	400	400	0
Supplies	900	1,032	(132)
Food	1,000	1,013	(13)
Heat	1,200	1,200	0
Electricity	2,400	2,326	74
Telephone	1,200	1,318	(118)
Programs/Workshops	1,800	3,367	(1,567)
Trash Disposal	400	400	0
Maintenance	1,000	1,336	(336)
	59,565	62,448	(2,883)
Pottery Studio:			
Labor	10,100	9,258	842
Supplies	1,000	1,305	(305)
Kiln	700	425	275
Heat	800	1,281	(481)
Electricity	400	270	130
Rent	6,600	5,500	1,100
Telephone	500	549	(49)
	20,100	18,588	1,512
Total Arts, Parks & Recreation Department	215,116	212,006	3,110
Voted Appropriations:			
Capital Equipment Fund	75,000	75,000	0
Capital Fire Equipment Fund	10,000	10,000	0
Capital Building Fund	20,000	20,000	0
Capital Building Fund - Howden Hall	7,500	7,500	0
Capital Road Fund	35,000	35,000	0
Reappraisal Fund	5,000	5,000	0
Conservation Reserve Fund	2,500	2,500	0
Lawrence Memorial Library	110,584	110,584	0
Bristol Recreation Club	21,000	21,000	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	8,900	8,900	0
Addison County Readers Program	2,000	2,000	0
Bristol After School Program	1,500	1,500	0
Bristol Band	1,100	1,100	0
Bristol Cemetery Association	8,000	8,000	0
Bristol Downtown Community Part.	5,000	5,000	0
Bristol Family Center	4,000	4,000	0

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Voted Appropriations/(Cont'd):			
Bristol Fourth of July Committee	\$ 5,000	\$ 5,000	\$ 0
Bristol Historical Society	2,500	2,500	0
Bristol Little League	2,000	2,000	0
Bristol Rescue Squad	15,000	15,000	0
Champlain Valley Agency on Aging	2,700	2,700	0
Counseling Service Addison County	3,875	3,875	0
Elderly Services	2,200	2,200	0
Hope (Former AC Community Action)	3,250	3,250	0
Hospice Volunteer Services	1,000	1,000	0
John Graham Emergency Shelter	1,400	1,400	0
New Haven River Watch	300	300	0
Northeast Addison TV (NEAT)	3,500	3,500	0
Open Door Clinic	1,000	1,000	0
Retired Senior Volunteer Program	750	750	0
Vermont Adult Learning	1,650	1,650	0
WomenSafe	3,500	3,500	0
	377,209	377,209	0
Transfer to Capital Building Reserve Fund	40,000	40,000	0
	1,953,032	1,929,552	23,480
Excess/(Deficiency) of Revenue			
Over Expenditures	\$ <u>(50,000)</u>	(31,369)	\$ <u>18,631</u>
Fund Balance - July 1, 2010		136,501	
Fund Balance - June 30, 2011		\$ 105,132	

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Property Taxes	\$ 304,403	\$ 304,403	\$ 0
Detail Revenues	3,800	3,383	(417)
Non-District Service Fees	4,500	3,015	(1,485)
Town Traffic Patrol Contract	10,000	8,705	(1,295)
MAUHS Contract	6,000	4,837	(1,163)
Fitting Station Grant	1,400	0	(1,400)
START	12,000	4,800	(7,200)
Click It or Ticket	750	0	(750)
Fines	16,000	19,011	3,011
Interest	100	5	(95)
Towing	2,500	1,165	(1,335)
Miscellaneous	1,200	864	(336)
	<u>362,653</u>	<u>350,188</u>	<u>(12,465)</u>
Total Revenue			
Expenditures:			
Chief's Salary	57,300	58,300	(1,000)
Patrolman Labor	112,725	70,761	41,964
Part-time Labor	1,500	9,137	(7,637)
Detail Labor	3,000	2,967	33
Clerical	4,880	4,919	(39)
Administrator	1,870	1,905	(35)
Overtime & Shift Differential	12,000	21,736	(9,736)
START Grant Labor & Supplies	6,000	5,717	283
START Outside Labor	6,000	1,885	4,115
Click It or Ticket Labor & Supplies	500	0	500
GHSP Grant Expense	0	877	(877)
Fitting Station Grant	1,000	0	1,000
FICA/MEDI	14,786	12,578	2,208
Health Insurance	53,800	48,290	5,510
State Retirement	11,685	10,299	1,386
Worker's Compensation	8,300	7,489	811
Disability Insurance	1,975	1,463	512
Uniforms	200	566	(366)

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:/(Cont'd)			
Training	\$ 1,000	\$ 258	\$ 742
Computer	3,200	1,691	1,509
Office Supplies	750	698	52
General Supplies	750	238	512
Vehicle Gas/Oil	7,000	6,830	170
Vehicle Maintenance	5,000	2,267	2,733
Facility Expenses	8,000	8,054	(54)
Postage	500	496	4
Communications	3,000	4,873	(1,873)
Towing	2,000	1,065	935
Insurance	13,900	12,321	1,579
Capital Vehicle Reserve	7,000	7,000	0
Capital Equipment Reserve	500	500	0
Miscellaneous	750	2,231	(1,481)
	<u>350,871</u>	<u>307,411</u>	<u>43,460</u>
Excess of Revenue			
Over Expenditures	<u>\$ 11,782</u>	42,777	<u>\$ 30,995</u>
Fund Balance/(Deficit) - July 1, 2010		<u>(13,346)</u>	
Fund Balance - June 30, 2011		<u>\$ 29,431</u>	

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Water Fund	Sewer Fund	Landfill Fund	Total Proprietary Funds
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 149,106	\$ 14,027	\$ 2,832	\$ 165,965
Investments	0	0	398,300	398,300
Receivables (Net of Allowance for Uncollectible Accounts)	40,299	4,394	7,350	52,043
Due from Other Funds	0	14,533	80,493	95,026
Total Current Assets	189,405	32,954	488,975	711,334
Noncurrent Assets:				
Capital Assets				
Plant and Equipment	2,106,220	583,262	193,926	2,883,408
Accumulated Depreciation	(657,254)	(189,563)	(73,245)	(920,062)
Total Noncurrent Assets	1,448,966	393,699	120,681	1,963,346
Total Assets	\$ 1,638,371	\$ 426,653	\$ 609,656	\$ 2,674,680
<u>LIABILITIES</u>				
Current Liabilities:				
Accrued Interest Payable	\$ 1,494	\$ 0	\$ 0	\$ 1,494
Due to Other Funds	32,649	0	0	32,649
General Obligation Bonds Payable - Due Within One Year	25,000	0	0	25,000
Total Current Liabilities	59,143	0	0	59,143
Noncurrent Liabilities:				
Compensated Absences Payable	250	5	239	494
Landfill - Estimated Closure and Post-Closure Cost	0	0	620,000	620,000
General Obligation Bonds Payable - Due in More Than One Year	1,019,583	119,140	0	1,138,723
Total Noncurrent Liabilities	1,019,833	119,145	620,239	1,759,217
Total Liabilities	1,078,976	119,145	620,239	1,818,360
<u>NET ASSETS/(DEFICIT)</u>				
Investment in Capital Assets, Net of Related Debt Unrestricted	404,383 155,012	274,559 32,949	120,681 (131,264)	799,623 56,697
Total Net Assets/(Deficit)	559,395	307,508	(10,583)	856,320
Total Liabilities and Net Assets	\$ 1,638,371	\$ 426,653	\$ 609,656	\$ 2,674,680

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Water Fund	Sewer Fund	Landfill Fund	Total Proprietary Funds
OPERATING REVENUES:				
Charges for Services	\$ 241,473	\$ 29,872	\$ 171,207	\$ 442,552
Other Income	<u>0</u>	<u>802</u>	<u>1,270</u>	<u>2,072</u>
Total Operating Revenues	<u>241,473</u>	<u>30,674</u>	<u>172,477</u>	<u>444,624</u>
OPERATING EXPENSES:				
Operations	133,304	20,644	186,205	340,153
Depreciation	<u>52,745</u>	<u>14,581</u>	<u>5,380</u>	<u>72,706</u>
Total Operating Expenses	<u>186,049</u>	<u>35,225</u>	<u>191,585</u>	<u>412,859</u>
Operating Income/(Loss)	<u>55,424</u>	<u>(4,551)</u>	<u>(19,108)</u>	<u>31,765</u>
NONOPERATING REVENUES (EXPENSES):				
Transfer in	0	0	27,500	27,500
Transfer out	(4,322)	0	0	(4,322)
Investment Income	239	36	604	879
Interest Expense	<u>(41,910)</u>	<u>(5,359)</u>	<u>0</u>	<u>(47,269)</u>
Total Nonoperating Revenues (Expenses)	<u>(45,993)</u>	<u>(5,323)</u>	<u>28,104</u>	<u>(23,212)</u>
Change in Net Assets	9,431	(9,874)	8,996	8,553
Total Net Assets/(Deficit) - July 1, 2010	<u>549,964</u>	<u>317,382</u>	<u>(19,579)</u>	<u>847,767</u>
Total Net Assets/(Deficit) - June 30, 2011	<u>\$ 559,395</u>	<u>\$ 307,508</u>	<u>\$ (10,583)</u>	<u>\$ 856,320</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Water Fund	Sewer Fund	Landfill Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 253,727	\$ 32,541	\$ 174,227	\$ 460,495
Payments for Wages and Benefits	(8,859)	(1,453)	(48,879)	(59,191)
Payments for Goods and Services	(135,954)	(19,186)	(86,274)	(241,414)
Net Cash Provided by Operating Activities	<u>108,914</u>	<u>11,902</u>	<u>39,074</u>	<u>159,890</u>
Cash Flows From Noncapital Financing Activities:				
Net Change in Due To/From Other Funds	28,476	(14,533)	(80,747)	(66,804)
Transfer Received from General Fund	0	0	27,500	27,500
Transfer Paid to Stormwater Project Fund	(4,322)	0	0	(4,322)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>24,154</u>	<u>(14,533)</u>	<u>(53,247)</u>	<u>(43,626)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of Capital Assets	(39,559)	0	0	(39,559)
Increase in Proceeds of Long-Term Obligations	100,000	0	0	100,000
Payment on Short-Term Bond Anticipation Note	(100,000)	0	0	(100,000)
Principal Paid on Long-Term Obligations	(30,774)	(5,977)	0	(36,751)
Interest Paid on Long-Term Obligations	(49,406)	(6,967)	0	(56,373)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(119,739)</u>	<u>(12,944)</u>	<u>0</u>	<u>(132,683)</u>
Cash Flows From Investing Activities:				
Purchase of Investments	0	0	(398,300)	(398,300)
Receipt of Interest and Dividends	239	36	604	879
Net Cash Provided/(Used) by Investing Activities	<u>239</u>	<u>36</u>	<u>(397,696)</u>	<u>(397,421)</u>
Net Increase/(Decrease) in Cash	13,568	(15,539)	(411,869)	(413,840)
Cash - July 1, 2010	<u>135,538</u>	<u>29,566</u>	<u>414,701</u>	<u>579,805</u>
Cash - June 30, 2011	<u>\$ 149,106</u>	<u>\$ 14,027</u>	<u>\$ 2,832</u>	<u>\$ 165,965</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 55,424	\$ (4,551)	\$ (19,108)	\$ 31,765
Depreciation	52,745	14,581	5,380	72,706
(Increase)/Decrease in Accounts Receivable	12,254	1,867	1,750	15,871
Increase/(Decrease) in Accounts Payable	(11,759)	0	(470)	(12,229)
Increase/(Decrease) in Compensated Absences Payable	250	5	239	494
Increase/(Decrease) in Landfill Estimated Closure Cost Liability	0	0	51,283	51,283
Net Cash Provided by Operating Activities	<u>\$ 108,914</u>	<u>\$ 11,902</u>	<u>\$ 39,074</u>	<u>\$ 159,890</u>

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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, health and social services, culture and recreation, public improvements, planning and zoning, community development, water, sewer, landfill and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, 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.

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Government-wide Statements: The statement of net assets 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 required to be 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.

Holley Hall Fund – The Holley Hall Fund was established to account for expenses to upgrade the Town Hall.

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.

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Stormwater Project Fund – The Stormwater Project Fund was established to account for federal and local funds and bond proceeds to upgrade the Town’s stormwater infrastructure.

Proprietary Funds

The Town reports the following major enterprise funds:

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

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

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

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

C. Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) 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 assets. 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.

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

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

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

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, issued on or before November 30, 1989; unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the Town has elected not to apply FASB Statements issued after November 30, 1989.

E. Use of Estimates

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

TOWN OF BRISTOL, VERMONT
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F. Assets, Liabilities and Equity

1. Cash

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

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

2. Investments

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

3. Receivables

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

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "interfund loan receivable/payable". 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 for the interfund balances is to allow the Town to pool its cash deposits and obtain a higher interest rate.

5. Prepaid Expenses

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

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

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6. Capital Assets

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

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

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

	<u>Estimated Service Life</u>
Land Improvements	40
Buildings and Building Improvements	40
Trucks, Furniture and Equipment	10
Infrastructure	40
Police Cars	5
Water and Sewer Systems	40
Roads	40

7. Compensated Balances

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

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

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

TOWN OF BRISTOL, VERMONT
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8. Long-term Liabilities

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

9. Fund Equity

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

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budgeted Deficit/Surplus

The Town elected to budget expenditures in excess of revenue by \$50,000 in the General Fund in order to reduce the prior years surplus as approved by the voters, \$10,000 to be taken from the June 30, 2009 undesignated fund balance to offset taxes for the 2010-2011 fiscal year as approved in article seven (7) at the March 2, 2010 annual Town meeting and to transfer \$40,000 from the June 30, 2010 undesignated fund balance of the General Fund to the Capital Building Reserve Fund as approved in article ten (10) of the March 1, 2011 annual Town meeting. This is reflected as a current year's budgetary deficiency of revenue over expenditures in Exhibit F.

The Town elected to budget revenues in excess of expenditures by \$11,782 in the Police Fund in order to retire the deficit. This is reflected as a current year's budgetary excess of revenues over expenditures in Exhibit G.

C. Restatement of Net Assets

The Government-Wide beginning Net Assets for the governmental activities have been restated as follows:

	<u>Governmental Activities</u>
Net Assets, as Originally Reported – June 30, 2010	\$2,302,506
Understatement of Bonds Payable	<u>(42,021)</u>
Net Assets, as Restated – June 30, 2010	<u>\$2,260,485</u>

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The effect of the restatement on the June 30, 2010 Statement of Net Assets for the governmental activities was that liabilities were understated and net assets were overstated by \$42,021. The effect on the June 30, 2010 Statement of Activities for governmental activities was that revenues and the change in net assets were overstated by \$42,021.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2011 consisted of the following:

Cash:

Deposits with Financial Institutions	\$ 1,044,466
Cash on Hand	<u>10,068</u>
Total Cash	<u>1,054,534</u>

Investments:

Investments – Certificates of Deposit	<u>480,403</u>
Total Investments	<u>480,403</u>
Total Cash and Investments	<u>\$1,534,937</u>

The Town has two (2) certificates of deposit with Peoples United Bank in the amount of \$19,584 and \$398,300 with interest rates of 0.70% and 0.95% and maturity dates of August 31, 2011 and March 23, 2012, respectively. The Town also has one (1) certificate of deposit with Merchants Bank in the amount of \$62,519 with an interest rate of 0.450% and a maturity date of December 5, 2011.

Custodial Credit Risk

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

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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 701,669	\$ 750,000
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest Granted to the Town	<u>823,200</u>	<u>862,147</u>
Total	<u>\$1,524,869</u>	<u>\$1,612,147</u>

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

Deposits are comprised of the following:

Deposits with Financial Institutions	\$1,044,466
Investments – Certificates of Deposit	<u>480,403</u>
Total Deposits	<u>\$1,524,869</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town has no investments subject to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The certificates of deposit are not subject to interest rate risk disclosure requirements

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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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, 2011, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Delinquent Taxes	\$ 75,320	\$ 0	\$ 75,320
Penalties and Interest	9,944	0	9,944
Accounts Receivable	6,961	0	6,961
Grants Receivable	18,363	0	18,363
Landfill Receivable	0	7,350	7,350
Billed Services	0	4,913	4,913
Unbilled Services	0	38,315	38,315
Miscellaneous	660	1,465	2,125
	\$ 111,248	\$ 52,043	\$ 163,291

C. Loans Receivable

Loans Receivable at June 30, 2011 consists of a number of loans for community development as follows:

Notes Receivable, 10 Small Business Loans, Monthly
 Principal and Interest Payments Required, Interest
 Ranging from 5.0% to 6.0%, Maturity Dates
 Ranging from October 1, 2011 through April 1, 2017,
 All Secured by Business Assets. \$ 374,030

An Analysis of the change in notes receivable is as follows:

<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>
\$ <u>434,875</u>	\$ <u>0</u>	\$ <u>60,845</u>	\$ <u>374,030</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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D. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 93,400	\$ 0	\$ 0	\$ 93,400
Total Capital Assets, Not Being Depreciated	<u>93,400</u>	<u>0</u>	<u>0</u>	<u>93,400</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	502,028	844,789	6,521	1,340,296
Furniture and Equipment	469,556	69,997	24,500	515,053
Vehicles	1,172,798	0	19,620	1,153,178
Infrastructure	971,290	463,149	0	1,434,439
Totals	<u>3,115,672</u>	<u>1,377,935</u>	<u>50,641</u>	<u>4,442,966</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	86,901	27,214	3,260	110,855
Furniture and Equipment	278,348	47,657	24,500	301,505
Vehicles	695,458	82,731	19,620	758,569
Infrastructure	35,193	30,072	0	65,265
Totals	<u>1,095,900</u>	<u>187,674</u>	<u>47,380</u>	<u>1,236,194</u>
Total Capital Assets, Being Depreciated	<u>2,019,772</u>	<u>1,190,261</u>	<u>3,261</u>	<u>3,206,772</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,113,172</u>	<u>\$ 1,190,261</u>	<u>\$ 3,261</u>	<u>\$ 3,300,172</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, Being Depreciated:				
Water and Sewer Systems	\$ 2,744,000	\$ 39,559	\$ 0	\$ 2,783,559
Roads	29,650	0	0	29,650
Equipment	35,835	0	0	35,835
Vehicles	34,364	0	0	34,364
Totals	<u>2,843,849</u>	<u>39,559</u>	<u>0</u>	<u>2,883,408</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	780,898	69,589	0	850,487
Roads	4,077	741	0	4,818
Equipment	28,017	2,376	0	30,393
Vehicles	34,364	0	0	34,364
Totals	<u>847,356</u>	<u>72,706</u>	<u>0</u>	<u>920,062</u>
Total Capital Assets, Being Depreciated	<u>1,996,493</u>	<u>(33,147)</u>	<u>0</u>	<u>1,963,346</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,996,493</u>	<u>\$ (33,147)</u>	<u>\$ 0</u>	<u>\$ 1,963,346</u>

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

Governmental Activities

General Government	\$ 19,571
Public Works	117,765
Public Safety	45,868
Recreation	<u>4,470</u>
Total Governmental Activities	<u>\$187,674</u>

Business-Type Activities

Water	\$ 52,745
Sewer	14,581
Landfill	<u>5,380</u>
Total Business-Type Activities	<u>\$ 72,706</u>

E. Interfund Balances and Activity

The Due To/From balances as of June 30, 2011 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 44,243
Police Fund	28,631	0
Capital Building Fund	0	4,322
Capital Road Fund	0	4,322
Other Governmental Funds	11,419	49,540
Water Fund	0	32,649
Sewer Fund	14,533	0
Landfill Fund	<u>80,493</u>	<u>0</u>
 Total	 <u>\$ 135,076</u>	 <u>\$ 135,076</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Interfund transfers during the year ended June 30, 2011 were as follows:

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	\$ 40,000	Capital Building Fund	\$ 40,000	Fund Reserve
General Fund	20,000	Capital Building Fund	20,000	Annual Funding
General Fund	35,000	Capital Roads Fund	35,000	Annual Funding
General Fund	27,500	Landfill Fund	27,500	Annual Funding
General Fund	15,000	Other Governmental Funds	15,000	Annual Funding
General Fund	75,000	Capital Equipment Fund	75,000	Annual Funding for Highway Equipment
General Fund	10,000	Capital Equipment Fund	10,000	Annual Funding for Fire Equipment
Police Fund	7,500	Capital Equipment Fund	7,500	Annual Funding
Capital Building Fund	1,000	Other Governmental Funds	1,000	Annual Funding
Capital Building Fund	4,322	Stormwater Project Fund	4,322	Fund Capital Outlay
Capital Roads Fund	4,322	Stormwater Project Fund	4,322	Fund Capital Outlay
Other Governmental Funds	5,536	Holley Hall Fund	5,536	To Close Fund
Water Fund	<u>4,322</u>	Stormwater Project Fund	<u>4,322</u>	Fund Capital Outlay
	<u>\$ 249,502</u>	Total	<u>\$ 249,502</u>	

F. Deferred Revenue

Deferred Revenue in the General Fund consists of \$39,771 of delinquent property taxes and interest not collected within sixty (60) days of the balance sheet date as these would not be available to liquidate current liabilities and \$4,820 of fiscal year 2012 taxes received in advance. The revenue will be recognized as delinquent taxes are collected and fiscal year 2012 taxes are billed. Total Deferred Revenue in the General Fund is \$44,591.

Deferred Revenue in the Revolving Loan Fund consists of \$362,000 of loans receivable at June 30, 2011. Total Deferred Revenue in the Revolving Loan Fund is \$362,000.

TOWN OF BRISTOL, VERMONT
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 JUNE 30, 2011

G. Short-Term Debt

The short-term debt activity during the year was as follows:

Beginning Balance	\$571,000
Additions	230,000
Repayments	<u>(801,000)</u>
Ending Balance	\$ <u> 0</u>

H. Long Term Liabilities

The following is a summary of changes in the bonds and notes payable for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Governmental Activities:</u>				
Bond Payable, Vermont Municipal Bond Bank, 1997 Fire Truck, Annual Principal Payments of \$10,000 Due on December 1 through 2012, Various Interest Rates Ranging from 5.15% to 5.25% Due Semi-Annually on June 1 and December 1	\$ 30,000	\$ 0	\$ 10,000	\$ 20,000
Bond Payable, Vermont Municipal Bond Bank, 2007 Fire Engine Tanker, Annual Principal Payments of \$30,000 Due November 15 through 2018, Interest Rates Ranging From 2.72% to 4.01% Due Semi-Annually on May 15 And November 15	270,000	0	30,000	240,000

TOWN OF BRISTOL, VERMONT
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JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$30,000 Due December 1, 2011 through December 1, 2020, Then \$35,000 through December 1, 2030, Interest Rates Ranging from 1.033% To 3.426%, Due Semi-Annually On June 1 and December 1	\$ 0	\$ 650,000	\$ 0	\$ 650,000
Bond Payable, State of Vermont Special Environmental Revolving Fund (AR1-026), Stormwater Improvements, Annual Principal Payments Ranging from \$25,021.24 to \$36,451.19 Due October 1 Through October 2031, Interest At 0%, Administration Fee at 2.0%. The Town Received a \$570,985 Federal Subsidy To Reduce the Loan Balance	42,021	1,099,948	570,985	570,984
Bond Anticipation Note Payable, Peoples United Bank, 2011 Holley Hall Improvements, Interest at 1.95%, Matures April 27, 2012. The Town's Plan is to Renew this Annually and Reduce the Principal by \$10,000 per Year Over Ten (10) Years	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Governmental Activities	<u>342,021</u>	<u>1,849,948</u>	<u>610,985</u>	<u>1,580,984</u>

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

Business-Type Activities

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$10,000 Due December 1, 2011 thorough December 1, 2020, Interest Rates Ranging from 1.033% to 3.42% Due Semi-Annually on June 1 and December 1	\$ 0	\$ 100,000	\$ 0	\$ 100,000
Bond Payable, United States Department of Agriculture Rural Development, Sewer Construction, Interest at 5%, Principal and Interest Payments of \$6,472 Due Semi- Annually on February 2 and August 2, Matures August 2, 2023. Subsequent to Year End, this Debt Was Refunded with the Vermont Municipal Bond Bank at an Interest Rate of 3.93% and a Maturity Date of December 1, 2023	125,117	0	5,977	119,140
Bond Payable, United States Department of Agriculture Rural Development, Water Construction, Interest at 4.875%, Principal and Interest Payments Of \$30,327 Due Semi-Annually On October 2 and April 2, Matures April 2, 2036. Subsequent To Year End, this Debt was Refunded with the Vermont Municipal Bond Bank at an Interest Rate of 3.93% and A Maturity Date of December 1, 2036	885,357	0	15,774	869,583

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Bond Anticipation Note Payable, Peoples United Bank, Water Line Construction, Interest at 2.55%, Matures September 30, 2011. The Town's Plan is to Renew this Annually And Reduce the Principal by \$15,000 Per Year over Five (5) Years	\$ <u>90,000</u>	\$ <u>0</u>	\$ <u>15,000</u>	\$ <u>75,000</u>
Total Business-Type Activities	<u>1,100,474</u>	<u>100,000</u>	<u>36,751</u>	<u>1,163,723</u>
Total Long-Term Debt	<u>\$1,442,495</u>	<u>\$1,949,948</u>	<u>\$647,736</u>	<u>\$2,744,707</u>

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 342,021	\$ 1,749,948	\$ 610,985	\$ 1,480,984	\$ 70,000
Bond Anticipation Note	0	100,000	0	100,000	10,000
Compensated Absences	<u>0</u>	<u>26,029</u>	<u>0</u>	<u>26,029</u>	<u>0</u>
Total Governmental-type Activities Long-Term Liabilities	<u>\$ 342,021</u>	<u>\$ 1,875,977</u>	<u>\$ 610,985</u>	<u>\$ 1,607,013</u>	<u>\$ 80,000</u>
Business-type Activities					
General Obligation Bonds	\$ 1,010,474	\$ 100,000	\$ 21,751	\$ 1,088,723	\$ 10,000
Bond Anticipation Note	90,000	0	15,000	75,000	15,000
Compensated Absences	0	494	0	494	0
Landfill Estimated Closure and Post Closure Cost	<u>568,717</u>	<u>51,283</u>	<u>0</u>	<u>620,000</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,669,191</u>	<u>\$ 151,777</u>	<u>\$ 36,751</u>	<u>\$ 1,784,217</u>	<u>\$ 25,000</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Debt service requirements to maturity are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 80,000	\$ 27,471	\$ 25,000	\$ 22,284
2013	105,021	25,574	54,610	42,029
2014	95,522	23,827	55,774	40,118
2015	96,032	22,134	56,984	38,321
2016	96,553	20,278	58,241	36,446
2017-2021	430,945	73,973	236,855	154,929
2022-2026	330,615	43,478	202,469	111,919
2027-2031	346,296	14,988	201,726	73,780
2032-2036	0	0	244,606	30,057
2037-2041	<u>0</u>	<u>0</u>	<u>27,458</u>	<u>528</u>
Total	<u>\$ 1,580,984</u>	<u>\$ 251,723</u>	<u>\$ 1,163,723</u>	<u>\$ 550,411</u>

I. Fund Balances

The Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

This statement is also designed to improve the usefulness of fund balance information by clarifying certain parts of the definitions of governmental fund types that have led to confusion. It makes clear, for example, that 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. The Town did not change the classifications of any governmental fund balances.

Information about amounts set aside for emergencies is very important to financial statement users. Because of the importance associated with these balances, Statement 54 clarifies how rainy-day amounts can be reported by treating stabilization arrangements as a specified purpose. Consequently, amounts constrained to stabilization 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. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to the stabilization amount, and circumstances under which those amounts may be spent. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The Town does not have any minimum fund balance policies.

Under Statement 54, governments are required to disclose their accounting policies that indicate the order in which restricted, committed, assigned, and unassigned amounts are spent, in circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications. 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.

In addition, governments also are required to disclose the purpose for each major special revenue fund – identifying which specific revenues and other resources are authorized to be reported in each. The purpose and specific revenues are described in the following section.

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

Major Funds

Nonspendable General Fund Prepaid Expenses	\$ <u>33,385</u>
Total	\$ <u>33,385</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

Major Funds

Restricted for Revolving Loan Fund by Grant Agreement	\$269,369
Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>29,431</u>
Total Major Funds	<u>298,800</u>

Nonmajor Funds

Restricted for Peveril Peake Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	14,789
Restricted for Record Restoration Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	8,371
Restricted for Recreation Department Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	1,384
Restricted for Howden Hall Expenditures by Donations And Grant Agreements (Source of Revenue is Donations and Grant Revenue)	26,725
Restricted for Zip Scholarship Expenditures by Donations (Source of Revenue is Donations)	17,485
Restricted for Plank Road Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	316
Restricted for Conservation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	12,654
Restricted for Chuck Baser Expenditures by Donations (Source of Revenue is Donations)	4,985

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	\$ 12,775
Restricted for Various Other Governmental Funds for Various Purposes by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	<u>1,584</u>
Total Nonmajor Funds	<u>101,068</u>
Total Restricted Fund Balances	<u>\$399,868</u>

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

Major Funds:

General Fund - Assigned for Reduction of Property Taxes In Fiscal Year 2012	\$ 10,000
Capital Equipment Fund - Assigned for Capital Equipment Expenses	111,981
Capital Building Fund - Assigned for Capital Building Expenses	51,925
Capital Roads Fund - Assigned for Capital Road Expenses	<u>115,739</u>
Total Major Funds	<u>289,645</u>

Nonmajor Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	110,579
Assigned for Tire Agreement Expenses	259
Assigned for Martha Parker Expenses	19,611
Assigned for Lister Education Expenses	<u>1,806</u>
Total Non-Major Funds	<u>132,255</u>
Total Assigned Fund Balances	<u>\$421,900</u>

The Other Governmental Funds unrestricted deficits of \$47, \$1,013, \$173, \$5,906, and \$757 of the Agency of Natural Resources Geological Grant Fund, the AmeriCorps Fund, the Eagle Park Fund, the Recreation Department Grants Fund and the United Way of Addison County Community Impact Funding Fund, respectively, will be funded with future grant revenue.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

J. Net Assets

The restricted net assets in the Governmental Activities includes the \$399,868 restricted fund balance plus the deferred loans receivable of \$362,000 for a total of \$761,868.

The unrestricted deficit of \$131,264 in the Landfill Fund will be funded with future landfill charges.

V. OTHER INFORMATION

A. RETIREMENT PLANS

All eligible employees of the Town of Bristol are covered under the State of Vermont Municipal Employee's Retirement Plan. The eligible employees are covered by (VMERS) Group C Plan, a defined benefit plan. Under this plan, employees contribute 9.25% of their gross salary and the Town contributes 6.50%. The Town of Bristol pays all costs accrued each year for this plan. The premise of Plan C is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, net assets available for benefits as well as present value of vested and nonvested plan benefits by municipality are not determinable. The Town's total payroll was \$762,794 while its covered payroll for this plan was \$600,847. During the year ended June 30, 2011, contributions by the employees and employer were \$55,582 and \$39,058, respectively.

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

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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. 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.

In addition, the Town of Bristol is a member of Vermont League of Cities and Towns Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members.

The Town of Bristol self insures itself for unemployment coverage. The Town must pay the Vermont Department of Employment and Training for any paid claims. Unemployment claims for the year ended June 30, 2011 were \$2,525.

C. LANDFILL ESTIMATED CLOSURE AND POST-CLOSURE COSTS

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

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Estimated current costs of closure and post-closure	\$ <u>1,276,000</u>
Estimated liability for current costs of closure and post-closure at June 30, 2010	\$ 568,717
Current year proportionate share of costs based on estimated capacity used	<u>51,283</u>
Estimated liability for current costs of closure and post-closure at June 30, 2011	\$ <u>620,000</u>

D. PROPERTY TAXES

The Town property tax bills are due in two installments in November and April. The Town bills and collects its own property taxes as well as education property taxes for the State. On August 30 of the current year, unpaid amounts become delinquent. On this day, 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 2011 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.6100	1.4476
General	.1498	.1498
Highway	.2223	.2223
Recreation	.0507	.0507
Police	.2737	.2737
Special Articles	.1360	.1360
Local Agreement	<u>.0037</u>	<u>.0037</u>
 Total Tax Rate/per \$100 of Assessed Valuation	 <u>2.4462</u>	 <u>2.2838</u>

E. SUBSEQUENT EVENTS

At the March 5, 2012 Annual Town Meeting, the voters approved to authorize the Selectboard to expend up to \$125,000 to purchase a low-profile dump truck and winter equipment to replace a 2003 International single-axle dump truck which will be funded by the Capital Equipment Reserve Fund.

At the March 6, 2012 Special Town Meeting, the voters approved the issuance of a general obligation bond not to exceed \$300,000 to be used for the Town's five percent (5%) share of the cost of the South Street Bridge project.

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Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
“Government Auditing Standards”

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

We have audited 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, 2011, which collectively comprise the Town of Bristol, Vermont’s basic financial statements and have issued our report thereon dated April 25, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing the audit, we considered the Town of Bristol, Vermont’s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Bristol, Vermont’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been 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 Deficiencies in Internal Control, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 identified as Items 11-1 through Item 11-3 in the accompanying Schedule of Deficiencies in Internal Control 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 deficiencies identified as Items 11-4 and 11-5 in the accompanying Schedule of Deficiencies in Internal Control to be significant deficiencies.

Compliance and Other Matters

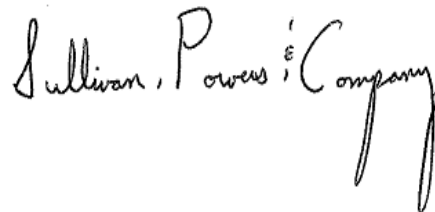
As part of obtaining reasonable assurance about whether the Town of Bristol, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 April 25, 2012.

The Town of Bristol, Vermont's responses to the deficiencies in internal control identified in our audit are included with the accompanying Schedule of Deficiencies in Internal Control. We did not audit the Town of Bristol, Vermont's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Selectboard, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

April 25, 2012
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 text.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2011

Deficiencies in Internal Control:

Material Weaknesses:

11-1 Segregation of Duties - Cash

Criteria:

An important factor in developing good internal control procedures is to divide responsibilities so that no individual can both perpetrate and conceal errors or irregularities. One of the most common division of duties is the division between the custody of cash and the accounting functions.

Condition:

At the Town, the same person that reconciles the bank statements for the Town is also a check signer for the Town. Each of those duties are considered incompatible functions for accounting control purposes.

Cause:

The limited staff available in control of those functions provides little opportunity to achieve an optimum separation of duties and responsibilities.

Effect:

The Town has inadvertently made its assets susceptible to misappropriation.

Recommendation:

We recommend that, at a minimum, the bank reconciliation function be removed from those who sign the checks and be delegated to another individual.

Management Response:

The person that reconciles the bank statements for the Town is no longer a check signer or has the access to transfer funds via online banking. The reconciliation will also be reviewed by the Treasurer.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2011

11-2 Reconciliation of Balance Sheet Accounts and Transfers Between Funds

Criteria:

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

Condition:

Internal controls over reconciling accounts, closing the books and preparing accurate financial reports quarterly and at the end of the fiscal year in a timely manner are inadequately designed. Adjustments had to be made to reconcile Cash, Accounts Receivable, Due To/From Balances, Capital Assets, Accumulated Depreciation, Accounts Payable, Deferred Revenue, Landfill Closure Liability, Bond Payables, Bond Anticipation Notes Payable, Fund Balances and Transfers.

Cause:

Unknown.

Effect:

Some of the Town's account balances were incorrect.

Recommendation:

We recommend that all balance sheet accounts be reconciled to supporting documentation at least quarterly in order to detect and correct errors. The Town should implement procedures to close their books and prepare accurate financial reports in a timely manner. The Town should utilize a closing checklist to assist in performing these tasks so that management can rely on the financial information they receive.

Management Response:

After working with Sullivan & Powers these transactions will now be recorded in the general ledger, when in the past they were maintained outside of the NEMRC system.

11-3 Internal Controls over Long-Term Debt

Criteria:

Internal controls over long-term debt should be in place to ensure that all debt is recorded in the governmental activities, the business-type activities and the proprietary funds.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2011

Condition:

The Town has a debt management policy in place but the Town is not following it. The Town recorded bond proceeds from a bond payable as revenue instead of a liability in the governmental activities in the prior year. Also, in 2011 they recorded bond proceeds and bond payments in revenues and expenses instead of the liability account for the proprietary funds.

Cause:

Unknown.

Effect:

The Town's liabilities, net assets, revenues and expenses are misstated in the governmental activities, the business-type activities and the proprietary funds.

Recommendation:

We recommend that the Town record all debt correctly in the governmental activities, business-type activities and proprietary funds.

Management Response:

The Town is currently recording the long term debt in the governmental activities, business type activities and proprietary funds.

Significant Deficiencies:

11-4 Authorization and Support for General Journal Entries

Criteria:

Internal controls should be in place that requires appropriate officials to authorize all adjustments to the books of original entry.

Condition:

Internal controls over authorizing all adjustments to the books of original entry and maintaining supporting documentation for each journal entry are inadequately designed. Furthermore, supporting documentation for each journal entry made to the books of original entry was not being maintained during the year.

Cause:

Unknown.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2011

Effect:

These deficiencies in the internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town enact a policy that requires appropriate officials to authorize all general journal entries so as not to circumvent the original approval process. We also recommend that the Town retain supporting documentation for all journal entries.

Management Response:

The Treasurer's Office is drafting a policy that would require Department Head's to authorize journal entries specific to their department. The Treasurer's Office currently retains supporting documents for journal entries.

11-5 Accounting and Procedures Manual

Criteria:

The Town has a few procedures documented but a complete accounting and procedures manual should be in place. This manual should define duties and responsibilities for current personnel. Written procedures, instructions and assignment of duties will prevent or reduce misunderstandings, errors; inefficient or wasted effort duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. It can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management, and to ensure compliance with OMB and grantor requirements.

Condition:

The Town does not have a complete accounting and procedures manual in place.

Cause:

The Town has not developed a manual due to limited staff and time constraints.

TOWN OF BRISTOL, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2011

Effect:

The Town does not have a manual to turn to when questions arise regarding accounting and procedures.

Recommendation:

We recommend that the Town develop an accounting and procedures manual as soon as possible. Each individual should document their duties and how to perform them. We also recommend that the Town make sure that there are no jobs related to accounting and finance that only one person knows how to perform. The procedures manual would also be useful in determining whether this situation exists.

Management Response:

The Treasurer's Office is currently developing an accounting and procedure manual.