

TOWN OF BRISTOL, VERMONT

AUDIT REPORT

JUNE 30, 2013

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bristol, Vermont as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Bristol, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and Schedules 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

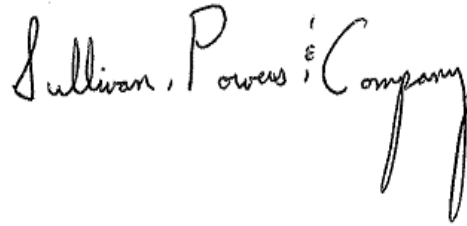
Other Information

As described in Note I.F. to the financial statements, effective June 30, 2013, the Town of Bristol, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position".

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated January 2, 2014 on our consideration of the Town of Bristol, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Bristol, Vermont's internal control over financial reporting and compliance.

January 2, 2014
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.

Management's Discussion and Analysis

As management of the Town of Bristol, Vermont, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year end June 30, 2013. We encourage readers to consider the information presented here in conjunction with the audited report.

Financial Highlight

The Town of Bristol continues to operate with a positive fund balance in the General Fund of \$158,823 as of June 30, 2013.

Government-wide Highlight

The Town's assets exceeded its liabilities at June 30, 2013 by \$4,303,167 compared to \$4,316,270 at June 30, 2012. This represents a decrease of \$13,103.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,345,335 an increase of \$124,533 over the prior year. Of the total fund balance \$660,820 represents amounts restricted, for specific purposes, such as, but not limited to, the Revolving Loan fund, Capital Funds and grant expenditures.

Long-term Debt

The Town's total debt decreased \$158,112 during the fiscal year and had a total ending balance of \$2,479,648. During FY 2013, the Town did not issue any new debt.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities distinguish functions of the Town of Bristol that are principally supported by taxes and governmental activities that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Bristol include general government, public safety, public works, recreation and parks. The business-type activities of the Town of Bristol include the Water Department, Sewer Department and Landfill. The government-wide financial statements may be found on pages 9 and 10 of the June 30, 2013 audit, also listed as exhibits A & B.

	Statement of Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Assets:						
Current and Other Assets	\$ 1,785,817	\$ 1,553,787	\$ 728,326	\$ 690,941	\$ 2,514,143	\$ 2,244,728
Capital Assets	<u>3,611,578</u>	<u>3,609,057</u>	<u>1,842,527</u>	<u>1,913,149</u>	<u>5,454,105</u>	<u>5,522,206</u>
Total Assets	<u>5,397,395</u>	<u>5,162,844</u>	<u>2,570,853</u>	<u>2,604,090</u>	<u>7,968,248</u>	<u>7,766,934</u>
Liabilities:						
Current Liabilities	188,842	101,510	6,934	8,466	195,776	109,976
Long-Term Liabilities	<u>1,438,914</u>	<u>1,535,638</u>	<u>2,027,013</u>	<u>1,793,339</u>	<u>3,465,927</u>	<u>3,328,977</u>
Total Liabilities	<u>1,627,756</u>	<u>1,637,148</u>	<u>2,033,947</u>	<u>1,801,805</u>	<u>3,661,703</u>	<u>3,438,953</u>
Deferred Inflows of Resources	<u>3,378</u>	<u>11,711</u>	<u>0</u>	<u>0</u>	<u>3,378</u>	<u>11,711</u>
Net Position:						
Net Investment in Capital Assets	2,214,094	2,108,073	760,363	776,373	2,974,457	2,884,446
Restricted	871,520	810,553	0	0	871,520	810,553
Unrestricted/(Deficit)	<u>680,647</u>	<u>595,359</u>	<u>(223,457)</u>	<u>25,912</u>	<u>457,190</u>	<u>621,271</u>
Total Net Position	<u>\$ 3,766,261</u>	<u>\$ 3,513,985</u>	<u>\$ 536,906</u>	<u>\$ 802,285</u>	<u>\$ 4,303,167</u>	<u>\$ 4,316,270</u>

Statement of Activities

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
REVENUES						
Charges for Service	\$ 212,026	\$ 223,310	\$ 396,522	\$ 418,467	\$ 608,548	\$ 641,777
Operating Grants and Contributions	210,247	309,524	0	0	210,247	309,524
Capital Grants and Contributions	30,893	259,185	0	0	30,893	259,185
Property Taxes	2,016,795	1,929,824	0	0	2,016,795	1,929,824
Penalty and Interest on Delinquent Taxes	36,327	18,620	0	0	36,327	18,620
Payment in Lieu of Taxes	899	899	0	0	899	899
General State Grants	188,363	110,515	0	0	188,363	110,515
Unrestricted Investment Earnings	2,491	2,346	4,144	3,543	6,635	5,889
Insurance Proceeds	14,606	29,398	0	0	14,606	29,398
Other Revenues	15,495	16,986	4,362	0	19,857	16,986
Gain on Sale of Capital Assets	0	29,034	0	0	0	29,034
Total Revenues	2,728,142	2,929,641	405,028	422,010	3,133,170	3,351,651
EXPENDITURES						
General Government	739,747	959,889	0	0	739,747	959,889
Public Safety	581,996	537,728	0	0	581,996	537,728
Public Works	759,210	648,389	0	0	759,210	648,389
Community Development	88,297	0	0	0	88,297	0
Culture and Recreation	266,911	243,985	0	0	266,911	243,985
Interest on Long-Term Debt	39,705	27,298	0	0	39,705	27,298
Water	0	0	239,626	297,366	239,626	297,366
Sewer	0	0	42,934	42,616	42,934	42,616
Landfill	0	0	387,847	136,063	387,847	136,063
Total Expenditures	2,475,866	2,417,289	670,407	476,045	3,146,273	2,893,334
Changes in Net Assets	252,276	512,352	(265,379)	(54,035)	(13,103)	458,317
Net Assets - Beginning of Year	3,513,985	3,001,633	802,285	856,320	4,316,270	3,857,953
Net Assets - End of Year	\$ 3,766,261	\$ 3,513,985	\$ 536,906	\$ 802,285	\$ 4,303,167	\$ 4,316,270

Fund Financial Statements

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

Governmental Funds

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

The Town reports 57 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Police Fund, Capital Funds and Revolving Loan Fund, which are all considered major funds. Data from the other 51 governmental funds are combined into a single column on the fund statements. Individual fund data for these non-major governmental funds is provided on pages 36 to 38 of the audit dated June 30, 2013.

Proprietary Funds

The Town maintains one type of proprietary fund and that is enterprise funds. Enterprise funds are used to report business-type activities in the government-wide financial statements. The Town of Bristol uses Enterprise funds to account for its Water Fund, Sewer Fund and Landfill Fund.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The Proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund and Landfill Fund, each of which are considered to be major funds of the Town of Bristol.

FINANCIAL ANALYSIS

Governmental Activities

Governmental activities increased the Town of Bristol's total assets by \$252,276 during the current fiscal year.

Financial Analysis of the Government's Funds

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

Proprietary Funds

The Town of Bristol's proprietary funds provide the same type of information found in the government-wide financial statements. Net assets of the Water Fund were \$514,302, \$282,818 for the Sewer Fund and a deficit of \$260,214 for the Landfill fund. The Landfill's estimated closure and post closure costs are explained on page 30. The current estimated costs of closure and post closure are \$944,000.

Contacting the Town Financing Department

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,196,401	\$ 180,048	\$ 1,376,449
Investments	331,670	405,136	736,806
Receivables	103,022	74,417	177,439
Loans Receivable	200,654	0	200,654
Prepaid Expenses	21,397	1,398	22,795
Internal Balances	(67,327)	67,327	0
Capital Assets			
Land	93,400	0	93,400
Construction in Progress	10,830	0	10,830
Other Capital Assets (Net of Accumulated Depreciation)	3,507,348	1,842,527	5,349,875
Total Assets	<u>5,397,395</u>	<u>2,570,853</u>	<u>7,968,248</u>
<u>LIABILITIES</u>			
Accounts Payable	184,353	0	184,353
Accrued Interest Payable	4,489	6,934	11,423
Noncurrent Liabilities:			
Due within One Year	93,970	55,774	149,744
Due in More than One Year	1,344,944	1,971,239	3,316,183
Total Liabilities	<u>1,627,756</u>	<u>2,033,947</u>	<u>3,661,703</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	3,378	0	3,378
Total Deferred Inflows of Resources	<u>3,378</u>	<u>0</u>	<u>3,378</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,214,094	760,363	2,974,457
Restricted	871,520	0	871,520
Unrestricted/(Deficit)	680,647	(223,457)	457,190
Total Net Position	<u>\$ 3,766,261</u>	<u>\$ 536,906</u>	<u>\$ 4,303,167</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, 2013

	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	\$ 739,747	\$ 73,131	\$ 13,751	\$ 0	\$ (652,865)	\$ 0	\$ (652,865)
Public Safety	581,996	34,543	12,860	30,893	(503,700)	0	(503,700)
Public Works	759,210	9,173	96,265	0	(653,772)	0	(653,772)
Community Development	88,297	9,596	80,193	0	1,492	0	1,492
Culture and Recreation	266,911	85,583	7,178	0	(174,150)	0	(174,150)
Interest on Long-Term Debt	39,705	0	0	0	(39,705)	0	(39,705)
Total Governmental Activities	2,475,866	212,026	210,247	30,893	(2,022,700)	0	(2,022,700)
Business-Type Activities:							
Water	239,626	240,896	0	0	0	1,270	1,270
Sewer	42,934	33,673	0	0	0	(9,261)	(9,261)
Landfill	387,847	121,953	0	0	0	(265,894)	(265,894)
Total Business-Type Activities	670,407	396,522	0	0	0	(273,885)	(273,885)
Total	\$ 3,146,273	\$ 608,548	\$ 210,247	\$ 30,893	(2,022,700)	(273,885)	(2,296,585)
General Revenues:							
Property Taxes					2,016,795	0	2,016,795
Interest and Penalties on Delinquent Taxes					36,327	0	36,327
Payment in Lieu of Taxes					899	0	899
General State Grants					188,363	0	188,363
Unrestricted Investment Earnings					2,491	4,144	6,635
Donations					500	0	500
Insurance Proceeds					14,606	0	14,606
Other Revenues					14,995	4,362	19,357
Total General Revenues					2,274,976	8,506	2,283,482
Change in Net Position					252,276	(265,379)	(13,103)
Net Position - July 1, 2012					3,513,985	802,285	4,316,270
Net Position - June 30, 2013					\$ 3,766,261	\$ 536,906	\$ 4,303,167

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

TOWN OF BRISTOL, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$ 332,554	\$ 141,953	\$ 0	\$ 163,906	\$ 85,345	\$ 184,316	\$ 288,327	\$ 1,196,401
Investments	0	313,970	0	0	0	0	17,700	331,670
Receivables	83,432	0	5,839	0	0	0	13,751	103,022
Loans Receivable	0	200,654	0	0	0	0	0	200,654
Due from Other Funds	0	0	45,193	6,299	0	0	0	51,492
Prepaid Expenses	20,767	0	630	0	0	0	0	21,397
Total Assets	\$ 436,753	\$ 656,577	\$ 51,662	\$ 170,205	\$ 85,345	\$ 184,316	\$ 319,778	\$ 1,904,636
LIABILITIES								
Liabilities:								
Accounts Payable	\$ 149,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,529	\$ 184,353
Due to Other Funds	78,728	0	0	0	18,764	9,678	11,649	118,819
Total Liabilities	228,552	0	0	0	18,764	9,678	46,178	303,172
DEFERRED INFLOWS OF RESOURCES								
Unavailable Property Taxes, Penalty and Interest	46,000	0	0	0	0	0	0	\$ 46,000
Unavailable Loan Revenue	0	193,000	0	0	0	0	0	193,000
Unavailable Grant Revenue	0	0	0	0	0	0	13,751	13,751
Property Tax Overpayments/Prepayments	3,378	0	0	0	0	0	0	3,378
Total Deferred Inflows of Resources	49,378	193,000	0	0	0	0	13,751	256,129
FUND BALANCES								
Fund Balances/(Deficit):								
Nonspendable	20,767	0	630	0	0	0	17,700	39,097
Restricted	0	463,577	51,032	0	0	0	146,211	660,820
Assigned	0	0	0	170,205	66,581	174,638	152,532	563,956
Unassigned	138,056	0	0	0	0	0	(56,594)	81,462
Total Fund Balances	158,823	463,577	51,662	170,205	66,581	174,638	259,849	1,345,335
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 436,753	\$ 656,577	\$ 51,662	\$ 170,205	\$ 85,345	\$ 184,316	\$ 319,778	

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

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds. 3,611,578

Other Assets are not Available to Pay for Current Period Expenditures, and, Therefore, are Deferred in the Funds. 252,751

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. (1,443,403)

Net Position of Governmental Activities \$ 3,766,261

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, 2013

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:								
Property Taxes	\$ 1,713,167	\$ 0	\$ 303,628	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,016,795
Penalties and Interest	24,327	0	0	0	0	0	0	24,327
Licenses, Fees and Fines	14,662	0	7,307	0	0	0	6,068	28,037
Intergovernmental Revenues	175,544	0	12,860	0	0	0	148,054	336,458
Contributions and Donations	0	0	0	0	0	0	500	500
Charges for Services	148,711	0	27,236	0	0	0	3,683	179,630
Investment Income	1,167	0	0	223	98	402	601	2,491
Loan Interest Income	0	9,596	0	0	0	0	0	9,596
Loan Repayments	0	80,193	0	0	0	0	0	80,193
Recycling Revenues	9,369	0	0	0	0	0	0	9,369
Other Revenues	1,406	3,429	771	2,314	0	0	7,075	14,995
Total Revenues	2,088,353	93,218	351,802	2,537	98	402	165,981	2,702,391
EXPENDITURES:								
Current:								
General Government	622,004	0	0	0	0	0	93,471	715,475
Public Safety	138,429	0	324,214	11,427	21,503	0	37,531	533,104
Public Works	624,066	0	0	0	0	9,678	13,473	647,217
Culture & Recreation	250,978	0	0	0	0	0	10,860	261,838
Community Development	0	88,297	0	0	0	0	0	88,297
Capital Outlay:								
Public Safety	0	0	0	56,505	4,637	0	0	61,142
Public Works	116,864	0	0	12,969	0	0	0	129,833
Debt Service:								
Principal	103,500	0	0	0	0	0	0	103,500
Interest	37,452	0	0	0	0	0	0	37,452
Total Expenditures	1,893,293	88,297	324,214	80,901	26,140	9,678	155,335	2,577,858
Excess/(Deficiency) of Revenues Over Expenditures	195,060	4,921	27,588	(78,364)	(26,042)	(9,276)	10,646	124,533
Other Financing Sources/(Uses):								
Transfers In	0	0	0	94,500	30,317	35,000	35,689	195,506
Transfers Out	(173,189)	0	(9,500)	0	(12,500)	0	(317)	(195,506)
Total Other Financing Sources/(Uses)	(173,189)	0	(9,500)	94,500	17,817	35,000	35,372	0
Net Change in Fund Balances	21,871	4,921	18,088	16,136	(8,225)	25,724	46,018	124,533
Fund Balances - July 1, 2012	136,952	458,656	33,574	154,069	74,806	148,914	213,831	1,220,802
Fund Balances - June 30, 2013	\$ 158,823	\$ 463,577	\$ 51,662	\$ 170,205	\$ 66,581	\$ 174,638	\$ 259,849	\$ 1,345,335

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, 2013

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)	\$	124,533
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$190,975) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$188,454). This is the amount by which capital outlays exceeded depreciation in the current period.		2,521
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		30,751
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$103,500) 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.		103,500
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>(9,029)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>252,276</u></u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Water Fund	Sewer Fund	Landfill Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 156,227	\$ 17,977	\$ 5,844	\$ 180,048
Investments	0	0	405,136	405,136
Receivables (Net of Allowance for Uncollectible Accounts)	62,863	9,200	2,354	74,417
Due from Other Funds	0	1,874	139,590	141,464
Prepaid Expenses	1,398	0	0	1,398
Total Current Assets	<u>220,488</u>	<u>29,051</u>	<u>552,924</u>	<u>802,463</u>
Noncurrent Assets:				
Capital Assets				
Plant and Equipment	2,109,378	583,262	199,678	2,892,318
Accumulated Depreciation	<u>(762,545)</u>	<u>(218,726)</u>	<u>(68,520)</u>	<u>(1,049,791)</u>
Total Noncurrent Assets	<u>1,346,833</u>	<u>364,536</u>	<u>131,158</u>	<u>1,842,527</u>
Total Assets	<u>\$ 1,567,321</u>	<u>\$ 393,587</u>	<u>\$ 684,082</u>	<u>\$ 2,644,990</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accrued Interest Payable	\$ 6,214	\$ 720	\$ 0	\$ 6,934
Due to Other Funds	74,137	0	0	74,137
General Obligation Bonds Payable - Current Portion	32,596	8,178	0	40,774
Notes Payable - Current Portion	15,000	0	0	15,000
Total Current Liabilities	<u>127,947</u>	<u>8,898</u>	<u>0</u>	<u>136,845</u>
Noncurrent Liabilities:				
Compensated Absences Payable	395	158	296	849
Landfill - Estimated Closure and Post-Closure Cost	0	0	944,000	944,000
General Obligation Bonds Payable - Noncurrent Portion	894,677	101,713	0	996,390
Notes Payable - Noncurrent Portion	30,000	0	0	30,000
Total Noncurrent Liabilities	<u>925,072</u>	<u>101,871</u>	<u>944,296</u>	<u>1,971,239</u>
Total Liabilities	<u>1,053,019</u>	<u>110,769</u>	<u>944,296</u>	<u>2,108,084</u>
<u>NET POSITION/(DEFICIT)</u>				
Investment in Capital Assets, Net of Related Debt Unrestricted	374,560 <u>139,742</u>	254,645 <u>28,173</u>	131,158 <u>(391,372)</u>	760,363 <u>(223,457)</u>
Total Net Position/(Deficit)	<u>514,302</u>	<u>282,818</u>	<u>(260,214)</u>	<u>536,906</u>
Total Liabilities and Net Position	<u>\$ 1,567,321</u>	<u>\$ 393,587</u>	<u>\$ 684,082</u>	<u>\$ 2,644,990</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Water Fund	Sewer Fund	Landfill Fund	Total
OPERATING REVENUES:				
Charges for Services	\$ 240,896	\$ 33,673	\$ 121,953	\$ 396,522
Other Income	665	0	3,697	4,362
Total Operating Revenues	241,561	33,673	125,650	400,884
OPERATING EXPENSES:				
Operations	151,069	23,918	93,193	268,180
Closure and Post Closure Expense	0	0	288,000	288,000
Depreciation	52,546	14,580	6,654	73,780
Total Operating Expenses	203,615	38,498	387,847	629,960
Operating Income/(Loss)	37,946	(4,825)	(262,197)	(229,076)
NONOPERATING REVENUES (EXPENSES):				
Investment Income	221	25	3,898	4,144
Interest Expense	(36,011)	(4,436)	0	(40,447)
Total Nonoperating Revenues (Expenses)	(35,790)	(4,411)	3,898	(36,303)
Change in Net Position	2,156	(9,236)	(258,299)	(265,379)
Net Position/(Deficit) - July 1, 2012	512,146	292,054	(1,915)	802,285
Net Position/(Deficit) - June 30, 2013	<u>\$ 514,302</u>	<u>\$ 282,818</u>	<u>\$ (260,214)</u>	<u>\$ 536,906</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, 2013

	Water Fund	Sewer Fund	Landfill Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 228,963	\$ 29,122	\$ 123,377	\$ 381,462
Receipts of Other Income	665	0	3,697	4,362
Payments for Wages and Benefits	(9,389)	(2,741)	(32,839)	(44,969)
Payments for Goods and Services	<u>(142,928)</u>	<u>(21,105)</u>	<u>(60,290)</u>	<u>(224,323)</u>
Net Cash Provided by Operating Activities	<u>77,311</u>	<u>5,276</u>	<u>33,945</u>	<u>116,532</u>
Cash Flows From Noncapital Financing Activities:				
Net Change in Due To/From Other Funds	<u>53,761</u>	<u>10,962</u>	<u>(28,133)</u>	<u>36,590</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>53,761</u>	<u>10,962</u>	<u>(28,133)</u>	<u>36,590</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of Capital Assets	(3,158)	0	0	(3,158)
Principal Paid on General Obligation Bonds	(31,743)	(7,869)	0	(39,612)
Principal Paid on Notes Payable	(15,000)	0	0	(15,000)
Interest Paid on General Obligation Bonds	(35,905)	(4,472)	0	(40,377)
Interest Paid on Notes Payable	<u>(1,601)</u>	<u>0</u>	<u>0</u>	<u>(1,601)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(87,407)</u>	<u>(12,341)</u>	<u>0</u>	<u>(99,748)</u>
Cash Flows From Investing Activities:				
Purchase of Investments	0	0	(3,892)	(3,892)
Receipt of Interest and Dividends	<u>221</u>	<u>25</u>	<u>3,897</u>	<u>4,143</u>
Net Cash Provided by Investing Activities	<u>221</u>	<u>25</u>	<u>5</u>	<u>251</u>
Net Increase in Cash	43,886	3,922	5,817	53,625
Cash - July 1, 2012	<u>112,341</u>	<u>14,055</u>	<u>27</u>	<u>126,423</u>
Cash - June 30, 2013	<u>\$ 156,227</u>	<u>\$ 17,977</u>	<u>\$ 5,844</u>	<u>\$ 180,048</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 37,946	\$ (4,825)	\$ (262,197)	\$ (229,076)
Depreciation	52,546	14,580	6,654	73,780
(Increase)/Decrease in Accounts Receivable	(11,933)	(4,551)	1,424	(15,060)
(Increase)/Decrease in Prepaid Expenses	(1,398)	0	0	(1,398)
Increase/(Decrease) in Compensated Absences Payable	150	72	64	286
Increase/(Decrease) in Landfill Estimated Closure Cost Liability	<u>0</u>	<u>0</u>	<u>288,000</u>	<u>288,000</u>
Net Cash Provided by Operating Activities	<u>\$ 77,311</u>	<u>\$ 5,276</u>	<u>\$ 33,945</u>	<u>\$ 116,532</u>

Noncash Flow Information:

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category of 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 ó This is the Town's main operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

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

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

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Proprietary Funds

The Town reports the following major enterprise funds:

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

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

Landfill Fund ó 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 position). Equity (i.e., net total position) is segregated into invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

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

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

E. Use of Estimates

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

F. New Pronouncement – Deferred Outflows/Inflows of Resources

Effective June 30, 2013, the Town implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB Statement No 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement amends the net assets reporting requirements in Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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

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

G. 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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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".

5. Prepaid Expenses

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

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

6. 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 asset's 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:

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

	Estimated Service Life
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.

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 Net Position 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 position in the government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement.

Fund Balances in the governmental funds 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.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budgeted Deficit/Surplus

The Town elected to budget expenditures in excess of revenues by \$10,000 in the General Fund in order to reduce taxes for the 2012-2013 fiscal year as approved by the voters. This is reflected as a current year's budgetary excess of expenditures over revenue in Schedule 1.

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2013 consisted of the following:

Cash:

Deposits with Financial Institutions	<u>\$1,376,449</u>
Total Cash	<u>1,376,449</u>

Investments:

Investments ó Certificates of Deposit	<u>736,806</u>
Total Investments	<u>736,806</u>
Total Cash and Investments	<u>\$2,113,255</u>

The Town has two (2) certificates of deposit with the Peoples United Bank in the amounts of \$17,700 and \$405,136 with interest rates of 0.45% and 0.4% and maturity dates of September 6, 2013 and March 28, 2014, respectively. The Town also has a certificate of deposit with the Merchants Bank in the amount of \$313,970 with an interest rate of 0.15% and a maturity date of December 5, 2013.

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.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured ó FDIC	\$ 750,000	\$ 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>1,363,255</u>	<u>1,390,772</u>
Total	<u>\$2,113,255</u>	<u>\$2,140,772</u>

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

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	\$1,376,449
Investments ó Certificates of Deposit	<u>736,806</u>
Total Deposits	<u>\$2,113,255</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.

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, 2013, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 67,962	\$ 0	\$ 67,962
Penalties and Interest	8,560	0	8,560
Accounts Receivable	26,500	0	26,500
Landfill Receivable	0	2,354	2,354
Billed Services	0	67,585	67,585
Unbilled Services	0	4,478	4,478
Total	<u>\$ 103,022</u>	<u>\$ 74,417</u>	<u>\$ 177,439</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

C. Loans Receivable

Loans Receivable at June 30, 2013 consists of a number of loans for community development as follows:

Notes Receivable, 7 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 0% to 6.0%, Maturity Dates Ranging from August 1, 2013 through November 11, 2022 All Secured by Business Assets. \$ 200,654

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

<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>\$195,847</u>	<u>\$ 85,000</u>	<u>\$80,193</u>	<u>\$200,654</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 93,400	\$ 0	\$ 0	\$ 93,400
Construction in Progress	<u>0</u>	<u>10,830</u>	<u>0</u>	<u>10,830</u>
Total Capital Assets, Not Being Depreciated	<u>93,400</u>	<u>10,830</u>	<u>0</u>	<u>104,230</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,362,519	26,144	0	1,388,663
Furniture and Equipment	536,752	12,969	0	549,721
Vehicles	1,109,728	56,505	0	1,166,233
Infrastructure	<u>1,782,021</u>	<u>84,527</u>	<u>0</u>	<u>1,866,548</u>
Totals	<u>4,791,020</u>	<u>180,145</u>	<u>0</u>	<u>4,971,165</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	137,329	38,025	0	175,354
Furniture and Equipment	327,656	29,768	0	357,424
Vehicles	713,608	76,011	0	789,619
Infrastructure	<u>96,770</u>	<u>44,650</u>	<u>0</u>	<u>141,420</u>
Totals	<u>1,275,363</u>	<u>188,454</u>	<u>0</u>	<u>1,463,817</u>
Total Capital Assets, Being Depreciated	<u>3,515,657</u>	<u>(8,309)</u>	<u>0</u>	<u>3,507,348</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,609,057</u>	<u>\$ 2,521</u>	<u>\$ 0</u>	<u>\$ 3,611,578</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

	<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	\$ 2,783,559	\$ 0	\$ 0	\$ 2,783,559
Roads	29,650	0	0	29,650
Equipment	41,587	3,158	0	44,745
Vehicles	34,364	0	0	34,364
Totals	<u>2,889,160</u>	<u>3,158</u>	<u>0</u>	<u>2,892,318</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	920,076	69,589	0	989,665
Roads	5,559	740	0	6,299
Equipment	16,012	3,451	0	19,463
Vehicles	34,364	0	0	34,364
Totals	<u>976,011</u>	<u>73,780</u>	<u>0</u>	<u>1,049,791</u>
Total Capital Assets, Being Depreciated	<u>1,913,149</u>	<u>(70,622)</u>	<u>0</u>	<u>1,842,527</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,913,149</u>	<u>\$ (70,622)</u>	<u>\$ 0</u>	<u>\$ 1,842,527</u>

Depreciation expense is charged to functions as follows:

Governmental Activities:

General Government	\$ 28,392
Public Works	110,407
Public Safety	45,600
Recreation	<u>4,055</u>
Total Governmental Activities	<u>\$188,454</u>

Business-Type Activities

Water	\$ 52,546
Sewer	14,580
Landfill	<u>6,654</u>
Total Business-Type Activities	<u>\$ 73,780</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

E. Interfund Balances and Activity

The Due To/From balances as of June 30, 2013 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 78,728
Police Fund	45,193	0
Capital Equipment Fund	6,299	0
Capital Building Fund	0	18,764
Capital Roads Fund	0	9,678
Other Governmental Funds	0	11,649
Water Fund	0	74,137
Sewer Fund	1,874	0
Landfill Fund	<u>139,590</u>	<u>0</u>
 Total	 <u>\$ 192,956</u>	 <u>\$ 192,956</u>

Interfund transfers during the year ended June 30, 2013 were as follows:

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	\$ 30,000	Capital Building Fund	\$ 30,000	Annual Funding
General Fund	35,000	Capital Roads Fund	35,000	Annual Funding
General Fund	10,000	Conservation Fund	10,000	Annual Funding
General Fund	7,500	Howden Hall Fund	7,500	Annual Funding
General Fund	5,000	Reappraisal Fund	5,000	Annual Funding
General Fund	10,000	Capital Equipment Fund	10,000	Annual Funding for Fire Equipment
General Fund	75,000	Capital Equipment Fund	75,000	Annual Funding for Highway Equipment
General Fund	689	United Way of Addison County Fund	689	Close Fund
Capital Building Fund	12,500	Village Green Fund	12,500	Matching Grant Funds
Police Fund	9,500	Capital Equipment Fund	9,500	Annual Funding
Business Park Fund	<u>317</u>	Capital Building Fund	<u>317</u>	Close Fund
 Total	 <u>\$ 195,506</u>		 <u>\$ 195,506</u>	

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

F. Deferred Inflows of Resources

Deferred Inflows of Resources in the General Fund consists of \$46,000 of delinquent property taxes, penalties and interest on those taxes that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, as well as \$3,378 of prepaid property taxes. Total Deferred Inflows of Resources in the General Fund is \$49,378.

Deferred Inflows of Resources in the Revolving Loan Fund consists of \$193,000 of loans receivable at June 30, 2013. Total Deferred Inflows of Resources in the Revolving Loan Fund is \$193,000.

Deferred Inflows of Resources in the Other Governmental Funds consists of \$13,751 of grant revenue that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Inflows of Resources in the Other Governmental Funds is \$13,751.

Deferred Inflows of Resources in the Governmental Activities consists of \$3,378 of prepaid property taxes.

G. Landfill Estimated Closure and Post-Closure Costs

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

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

Estimated current costs of closure and post-closure	\$ <u>1,424,000</u>
Estimated liability for current costs of closure and post-closure at June 30, 2012	\$ 656,000
Current year proportionate share of costs based on estimated capacity used	<u>288,000</u>
Estimated liability for current costs of closure and post-closure at June 30, 2013	\$ <u>944,000</u>

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

H. Long-term Liabilities

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

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

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

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

The following is a summary of changes in the bonds and notes payable for the year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</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. The Remaining Balance of \$10,000 Was Paid on October 22, 2012	\$ 10,000	\$ 0	\$ 10,000	\$ 0
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	210,000	0	30,000	180,000

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</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	\$ 620,000	\$ 0	\$ 30,000	\$ 590,000
Bond Payable, State of Vermont Special Environmental Revolving Fund (AR1-026), Stormwater Improvements, Annual Principal Payments Ranging from \$23,500 to \$34,235 Beginning December 1, 2012 through December 1, 2031, Interest at 0%, Administration Fee at 2.0%	570,984	0	23,500	547,484
Note Payable, Peoples United Bank, 2011 Holley Hall Improvements, Interest at 1.95%, Matures April 27, 2014. The Town Plans to Renew this Annually and Reduce the Principal by \$10,000 per Year Over the Next Eight (8) Years	<u>90,000</u>	<u>0</u>	<u>10,000</u>	<u>80,000</u>
Total Governmental Activities	<u>1,500,984</u>	<u>0</u>	<u>103,500</u>	<u>1,397,484</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Business-Type Activities:</u>				
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$10,000 Due December 1, 2011 through December 1, 2020, Interest Rates Ranging from 1.033% to 3.42% Due Semi-Annually on June 1 and December 1	\$ 90,000	\$ 0	\$ 10,000	\$ 80,000
Bond Payable, Vermont Municipal Bond Bank, Sewer Construction, Interest at 3.93%, Principal and Interest Payments of \$12,496 Due Semi-Annually on June 1 and December 1, Beginning December 1, 2012, Maturing December 1, 2023.	117,760	0	7,869	109,891
Bond Payable, Vermont Municipal Bond Bank, Water Line Construction, Interest at 3.93%, Principal and Interest Payments of \$55,894 Due Semi- Annually on June 1 and December 1, Beginning December 1, 2012, Maturing December 1, 2036	869,016	0	21,743	847,273
Note Payable, Peoples United Bank, Water Line Construction, Interest at 2.55%, Matures September 30, 2012. The Town Plans to Renew this Annually and Reduce the Principal by \$15,000 Per Year Over the Next Three (3) Years. The Note was Renewed in September, 2012 with Interest at 2.35% and Maturing on September 27, 2013	<u>60,000</u>	<u>0</u>	<u>15,000</u>	<u>45,000</u>
Total Business-Type Activities	<u>1,136,776</u>	<u>0</u>	<u>54,612</u>	<u>1,082,164</u>
Total Long-Term Debt	<u>\$2,637,760</u>	<u>\$ 0</u>	<u>\$ 158,112</u>	<u>\$2,479,648</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 1,410,984	\$ 0	\$ 93,500	\$ 1,317,484	\$ 83,970
Note Payable	90,000	0	10,000	80,000	10,000
Compensated Absences	<u>34,654</u>	<u>6,776</u>	<u>0</u>	<u>41,430</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,535,638</u>	<u>\$ 6,776</u>	<u>\$ 103,500</u>	<u>\$ 1,438,914</u>	<u>\$ 93,970</u>
Business-type Activities					
General Obligation Bonds	\$ 1,076,776	\$ 0	\$ 39,612	\$ 1,037,164	\$ 40,774
Note Payable	60,000	0	15,000	45,000	15,000
Compensated Absences	563	286	0	849	0
Landfill Estimated Closure and Post Closure Costs	<u>656,000</u>	<u>288,000</u>	<u>0</u>	<u>944,000</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,793,339</u>	<u>\$ 288,286</u>	<u>\$ 54,612</u>	<u>\$ 2,027,013</u>	<u>\$ 55,774</u>

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 93,970	\$ 22,267	\$ 55,774	\$ 40,118
2015	94,449	20,769	56,984	38,321
2016	94,938	19,107	58,240	36,446
2017	95,437	17,399	44,546	34,503
2018	95,946	15,632	45,904	32,842
2019-2023	352,723	48,873	231,830	137,576
2024-2028	327,057	38,018	191,721	96,478
2029-2033	242,964	9,592	217,894	57,324
2034-2038	<u>0</u>	<u>0</u>	<u>179,271</u>	<u>12,865</u>
Total	<u>\$ 1,397,484</u>	<u>\$ 191,657</u>	<u>\$ 1,082,164</u>	<u>\$ 486,473</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

I. Fund Balances

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

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

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

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

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

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

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

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

Major Funds

Nonspendable General Fund Prepaid Expenses	\$ 20,767
Nonspendable Police Fund Prepaid Expenses	<u>630</u>
Total Major Funds	<u>21,397</u>

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

Nonmajor Funds

Nonspendable Martha Parker Fund	\$ <u>17,700</u>
Total	\$ <u>39,097</u>

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

Major Funds

Restricted for Revolving Loan Fund by Grant Agreement	\$ 463,577
Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>51,032</u>
Total Major Funds	<u>514,609</u>

Nonmajor Funds

Restricted for Peveril Peake Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	7,287
Restricted for Record Restoration Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	17,487
Restricted for Recreation Department Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	1,184
Restricted for Town Band Expenditures by Donations (Source of Revenue is Donations)	17,545
Restricted for Howden Hall Expenditures by Donations And Grant Agreements (Source of Revenue is Donations and Grant Revenue)	34,596
Restricted for Conservation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	29,418
Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	12,819
Restricted for Vermont Coalition of Teen Center Expenditures by Grant Agreements (Source of Revenue is Grant Revenues)	1,251

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

Restricted for Holley Hall Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 3,359
Restricted for Village Green Expenditures by Grant Agreements (Source of Revenue is Grant Agreements)	7,047
Restricted for Youth Football Expenditures by Program Requirements (Source of Revenue is Recreation Fees)	2,159
Restricted for Various Other Governmental Funds for Various Purposes by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	<u>12,059</u>
Total Nonmajor Funds	<u>146,211</u>
Total Restricted Fund Balances	<u>\$660,820</u>

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

Major Funds:

Capital Equipment Fund - Assigned for Capital Equipment Expenses	\$170,205
Capital Building Fund - Assigned for Capital Building Expenses	66,581
Capital Roads Fund - Assigned for Capital Road Expenses	<u>174,638</u>
Total Major Funds	<u>411,424</u>

Nonmajor Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	149,835
Assigned for Lister Education Expenses (Source of Revenue is Grant Revenue)	2,486
Assigned for United Way Expenses (Source of Revenue is Grant Revenue)	<u>211</u>
Total Nonmajor Funds	<u>152,532</u>
Total Assigned Fund Balances	<u>\$563,956</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

The Other Governmental Funds unrestricted deficits of \$13,766, \$40, \$930, \$1,700, \$36,237, \$2,500, \$1,200 and \$221 in the Prince Lane VTrans Fund, the Bristol Friends of the Arts Fund, the Personal Responsibility Education Program Fund, the AmeriCorps Littlefield Fund, the South Street Bridge Fund, the Governor's Highway Safety Program Equipment Incentive Fund, the Bristol Fire Department Dry Hydrant Fund, and the Dental Care Fund, respectively, will be funded with future grant revenue or transfers.

J. Net Position

The restricted net position in the Governmental Activities includes \$17,700 of nonspendable restricted fund balance, \$660,820 of restricted fund balances plus the unavailable loan revenue balance of \$193,000 for a total of \$871,520.

The unrestricted deficit of \$391,372 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. The net position available for benefits as well as present value of vested and nonvested plan benefits by municipality are not available. The Town's total payroll was \$794,405 while its covered payroll for this plan was \$705,668. Pension expense for the year ending June 30, 2013, 2012 and 2011 was \$65,274, \$58,700 and \$55,582, 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, 2013

B. RISK MANAGEMENT

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

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

The Town of Bristol self insures itself for unemployment coverage. The Town must pay the Vermont Department of Employment and Training for any paid claims. Unemployment claims for the year ended June 30, 2013 were \$431.

C. PROPERTY TAXES

The Town property tax bills are due in two installments in November and April. The Town bills and collects its own property taxes as well as education property taxes for the State. On August 30 of the current year, unpaid amounts become delinquent. On 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 fiscal year 2013 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.5436	1.5356
General	.1807	.1807
Highway	.2410	.2410
Recreation	.0529	.0529
Police	.2728	.2728
Special Articles	.1392	.1392
Local Agreement	<u>.0020</u>	<u>.0020</u>
 Total Tax Rate/per \$100 of Assessed Valuation	 <u>2.4322</u>	 <u>2.4242</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

D. SUBSEQUENT EVENTS

Subsequent to year end, the Town obtained a line of credit for \$150,000 for South Street Bridge improvements with the People's United Bank. The rate of interest is 1.60%.

The Town also borrowed \$35,000 for Howden Hall renovations with the National Bank of Middlebury. The rate of interest is 2.95% with principal payments of \$7,000 due annually on October 7, maturing October 7, 2018.

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Taxes:			
Property Taxes	\$ 1,718,446	\$ 1,713,167	\$ (5,279)
Delinquent Taxes - Interest	11,000	10,007	(993)
Delinquent Taxes - Penalty	17,000	14,320	(2,680)
Fish and Wildlife Pond Access PILOT	900	899	(1)
National Forest Payments	12,000	13,262	1,262
Current Use Program	60,000	63,470	3,470
Total Taxes	1,819,346	1,815,125	(4,221)
Licenses, Fines & Fees:			
Liquor Licenses	1,150	960	(190)
Dog Licenses	2,700	2,353	(347)
Dog Fines	300	511	211
Police Fines	11,000	8,386	(2,614)
Town Clerk Fees	28,500	34,037	5,537
Motor Vehicle Reg. Renewals	1,000	802	(198)
Zoning Fees	5,000	8,995	3,995
School Treasurer's Fee	1,500	1,500	0
Total Licenses, Fines & Fees	51,150	57,544	6,394
Recreation Department:			
Program Registration Fees	56,000	62,655	6,655
Town Appropriations - 4 Towns	8,100	5,900	(2,200)
Youth Center Event & Rental Income	1,000	1,000	0
Pottery Studio	12,000	10,630	(1,370)
Hall Rentals	1,000	1,715	715
Total Recreation Department	78,100	81,900	3,800
Highway Department:			
State Aid for Highways	92,000	96,265	4,265
Equipment Use - Water/Landfill	9,000	9,173	173
Garage Rent from Water Department	400	0	(400)
Miscellaneous	500	446	(54)
Total Highway Department	101,900	105,884	3,984
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	15,000	14,605	(395)
Act 60 Reimbursements	1,600	1,648	48
Total Reimbursements to Town	16,600	16,253	(347)
Recycling Revenue:			
Recycling Miscellaneous	0	405	405
Recyclable Material Payments	6,000	1,853	(4,147)
Recycling User Sticker Fees	10,000	4,981	(5,019)
Household Hazardous Waste	2,000	2,130	130
Total Recycling Revenue	18,000	9,369	(8,631)

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Other Revenues:			
Interest	\$ 3,000	\$ 1,167	\$ (1,833)
Parking Permit Fees	150	150	0
Miscellaneous Revenues	2,000	491	(1,509)
Total Other Revenues	5,150	1,808	(3,342)
Total Revenue	2,090,246	2,087,883	(2,363)
Expenditures:			
General Expenses:			
Supplies	3,500	2,891	609
Furnishings	400	0	400
Equipment	4,500	3,556	944
Advertising	1,500	550	950
Postage	2,500	3,128	(628)
Telephone	1,500	1,206	294
Pub. Official & Empl. Practices Ins.	9,700	9,694	6
Landfill - Fees	1,400	1,400	0
Miscellaneous	1,500	1,679	(179)
Total General Expenses	26,500	24,104	2,396
Administrator's Office:			
Salaries	75,321	76,374	(1,053)
Additional Labor	300	279	21
FICA	5,785	6,430	(645)
Health Insurance	6,100	6,084	16
Retirement	4,896	2,857	2,039
Workers Compensation	300	254	46
Disability Insurance	700	931	(231)
Mileage	1,200	1,227	(27)
Training	150	85	65
Total Administrator's Office	94,752	94,521	231
Clerk/Treasurer's Office:			
Salaries	71,671	72,536	(865)
FICA	5,483	5,548	(65)
Health Insurance	5,975	5,796	179
Retirement	4,658	3,828	830
Workers Compensation	300	239	61
Disability Insurance	550	865	(315)
Training	300	238	62
Supplies	3,800	3,763	37
Software & Programming	1,400	963	437
Equipment	500	482	18
Postage	1,500	1,286	214
Telephone	1,300	1,136	164
Microfilming	525	335	190
Miscellaneous	200	108	92
Total Clerk/Treasurer's Office	98,162	97,123	1,039

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Listing Department:			
Salaries	\$ 13,595	\$ 10,008	\$ 3,587
FICA	1,040	766	274
Workers Compensation	150	120	30
Mileage	300	281	19
Training	200	0	200
Supplies	500	379	121
Software	1,070	1,121	(51)
Equipment	300	209	91
Postage	250	110	140
Telephone	600	594	6
Legal Fees	500	0	500
Professional Fees	1,500	1,750	(250)
Map Maintenance	1,750	0	1,750
Miscellaneous	100	0	100
	<u>21,855</u>	<u>15,338</u>	<u>6,517</u>
Total Listing Department			
Planning & Zoning:			
Salaries	13,000	8,548	4,452
FICA	995	629	366
Retirement	250	218	32
Workers Compensation	150	120	30
Disability Insurance	150	39	111
Mileage	600	437	163
Training	100	0	100
Supplies	400	538	(138)
Advertising	700	396	304
Postage	900	322	578
Attorney Fees	12,000	6,090	5,910
Planning Services	8,000	7,257	743
Printing	1,000	0	1,000
Meetings	1,000	385	615
	<u>39,245</u>	<u>24,979</u>	<u>14,266</u>
Total Planning & Zoning			
Professional Fees:			
Attorney Fees	5,000	2,692	2,308
Audit Fees	18,000	14,894	3,106
	<u>23,000</u>	<u>17,586</u>	<u>5,414</u>
Total Professional Fees			
Town Report	<u>2,200</u>	<u>1,999</u>	<u>201</u>
Meetings & Elections:			
Election Workers	2,300	1,792	508
Election Supplies	4,800	3,941	859
	<u>7,100</u>	<u>5,733</u>	<u>1,367</u>
Total Meetings & Elections			

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Town Officers:			
Salaries	\$ 4,000	\$ 3,838	\$ 162
Collector of Delinquent Taxes	7,000	7,207	(207)
Conservation Commission	400	500	(100)
Energy Committee	200	0	200
FICA/MEDI	842	834	8
Training	100	60	40
Total Town Officers	12,542	12,439	103
Town Parks:			
Supplies	900	1,116	(216)
Electricity	900	923	(23)
Liability Insurance	1,600	1,540	60
Mowing	11,000	11,906	(906)
Maintenance	500	0	500
Sycamore Park Portolet	500	500	0
Tree Planting	600	1,040	(440)
Landfill Fees	1,500	1,500	0
Miscellaneous	200	0	200
Total Town Parks	17,700	18,525	(825)
Holley Hall:			
Supplies	800	528	272
Equipment	200	147	53
Heating Fuel	6,000	6,704	(704)
Electricity	3,500	3,851	(351)
Custodial	4,500	5,014	(514)
Building Maintenance	2,000	2,096	(96)
Liability Insurance	4,600	4,638	(38)
Holley Hall Renovation Bond	59,100	58,690	410
Sewer Fees	550	525	25
Water Fees	300	250	50
Total Holley Hall	81,550	82,443	(893)
Howden Hall:			
Supplies	250	29	221
Heating Fuel	1,600	2,127	(527)
Electricity	2,200	1,535	665
Telephone	450	518	(68)
Liability Insurance	3,100	3,098	2
Maintenance & Custodial	800	484	316
Coach House	100	0	100
Water Fees	250	249	1
Total Howden Hall	8,750	8,040	710

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:			
Dog Officer	\$ 2,000	\$ 1,591	\$ 409
FICA	153	116	37
Dog Pound	1,000	2,137	(1,137)
Street Lights	24,000	30,007	(6,007)
Town Traffic Control	10,000	10,000	0
Police Services - Outside District	2,500	4,455	(1,955)
Total Public Safety	<u>39,653</u>	<u>48,306</u>	<u>(8,653)</u>
Fire Department:			
Labor	20,400	16,753	3,647
FICA/MEDI	1,561	1,360	201
Dues	825	874	(49)
Training	2,950	1,783	1,167
OSHA Requirements	4,775	5,020	(245)
Supplies	7,500	8,280	(780)
Heating Fuel	6,500	8,830	(2,330)
Electricity	2,600	3,486	(886)
Propane	450	336	114
Gas & Oil	3,000	3,466	(466)
Telephone	1,200	1,291	(91)
Dispatching	3,000	3,797	(797)
Building Maintenance	2,500	1,213	1,287
Workers Compensation	2,200	3,130	(930)
Accident & Disability Insurance	2,000	2,348	(348)
Liability Insurance	8,000	7,351	649
Water Fees	240	237	3
Landfill Fees	120	120	0
Hose Replacement	1,500	3,032	(1,532)
Radios and Pagers	3,400	1,372	2,028
Firefighting Equipment Repairs	3,500	3,451	49
2007 Engine Tanker Repairs	500	4,314	(3,814)
Pumper - Hose Reel	500	984	(484)
1997 Engine One	1,000	1,612	(612)
Utility Vehicle Repair	850	343	507
Heavy Rescue Vehicle Repair	850	836	14
Car One	500	504	(4)
Storage Heavy Rescue	3,200	3,200	0
Brush Truck	500	800	(300)
Bond Payment - 1997 Eng. One	10,184	10,184	0
Bond Payment - 2007 Eng. Tanker	37,160	37,159	1
Fire Prevention	500	0	500
Miscellaneous	200	0	200
Total Fire Department	<u>134,165</u>	<u>137,466</u>	<u>(3,301)</u>
Lawrence Memorial Library:			
Health Insurance	15,000	14,925	75
Workers Compensation	300	239	61
Disability Insurance	450	566	(116)
Liability Insurance	2,300	2,268	32
Total Lawrence Memorial Library	<u>18,050</u>	<u>17,998</u>	<u>52</u>
Cemetery Care	<u>3,000</u>	<u>3,209</u>	<u>(209)</u>

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Tax Anticipation Interest	\$ 2,000	\$ 533	\$ 1,467
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,193	4,192	1
Addison County Tax	19,000	15,390	3,610
Addison County Economic Dev. Corp.	3,000	3,000	0
Vermont League of Cities & Towns	4,616	4,616	0
Christmas Committee	400	180	220
Fourth of July Bristol PD Expense	1,000	625	375
Chamber of Commerce	140	145	(5)
Tax Sale/Abatement Expense	0	1,611	(1,611)
Total Dues, Taxes, Contributions	32,349	29,759	2,590
Municipal Solid Waste Program:			
Recycling Hauling Process	18,000	16,549	1,451
Recycling Labor	9,650	9,185	465
Recycling Manager's Salary	3,075	2,107	968
Worker's Compensation	1,000	785	215
FICA	972	161	811
Equipment Use	1,000	0	1,000
Household Hazardous Waste	10,000	10,131	(131)
Solid Waste Education Program	800	0	800
Solid Waste Planning	200	0	200
Electricity	500	480	20
Total Municipal Solid Waste Program	45,197	39,398	5,799
Highway Department:			
Personnel & Insurance:			
Salaries	228,100	224,169	3,931
Overtime	21,000	15,926	5,074
FICA/MEDI	19,056	19,879	(823)
Health Insurance	53,500	51,634	1,866
Retirement	16,192	16,256	(64)
Workers Compensation	14,000	13,321	679
Disability Insurance	2,500	2,884	(384)
Uniforms	1,500	1,573	(73)
Mileage	500	234	266
Training	800	370	430
Liability Insurance	11,500	11,930	(430)
Total Personnel & Insurance	368,648	358,176	10,472
Equipment:			
Supplies	13,000	13,673	(673)
Parts	10,000	9,960	40
Tires	5,000	4,182	818
Fuels	44,000	52,675	(8,675)
Oil, Anti-freeze	2,000	2,042	(42)
Purchases	2,500	2,585	(85)
Contracted Repairs	11,000	11,977	(977)
Equipment Rentals	500	680	(180)
Total Equipment	88,000	97,774	(9,774)

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Garage:			
Supplies	\$ 5,500	\$ 6,402	\$ (902)
Heating Fuels (Old Garage)	3,000	237	2,763
Propane (New Garage)	3,000	2,143	857
Electricity	2,500	3,270	(770)
Telephone	700	605	95
Pagers	650	564	86
Maintenance	2,500	2,591	(91)
Water Fees	250	248	2
Landfill Fees	200	200	0
Total Garage	18,300	16,260	2,040
Materials & Services:			
Road Gravel	22,000	19,957	2,043
Winter Sand	32,000	24,140	7,860
Salt	50,000	49,819	181
Chloride	22,000	21,302	698
Re-Paving	93,000	89,048	3,952
Cold Patch	1,000	1,595	(595)
Culverts	4,000	3,672	328
Signs	3,000	3,265	(265)
Tree Work	4,500	4,200	300
Sidewalks	15,000	14,886	114
Guard Rail	2,000	1,999	1
Storm Drainage	1,000	919	81
Contracted Services	13,000	11,307	1,693
Miscellaneous	1,000	1,103	(103)
Total Materials & Services	263,500	247,212	16,288
Indebtedness			
Stormwater Bond (2010)	37,180	34,920	2,260
South Street Bridge Replacement	1,000	0	1,000
Total Indebtedness	38,180	34,920	3,260
Total Highway Department	776,628	754,342	22,286
Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	54,921	56,211	(1,290)
Contracted Labor	500	325	175
FICA	4,201	4,190	11
Health Insurance	17,575	18,422	(847)
Retirement	3,570	4,269	(699)
Workers Compensation	2,500	1,495	1,005
Disability Insurance	600	735	(135)
Mileage	400	399	1
Training	500	821	(321)
Supplies	1,000	826	174
Equipment	3,000	2,892	108
Copier	0	66	(66)
Advertising	1,600	1,864	(264)
Facilities Rent	1,000	829	171
Postage	500	251	249
Telephone	1,600	1,189	411

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Arts, Parks & Recreation Department/(Cont'd):			
Holley Hall Custodial	\$ 1,560	\$ 1,910	\$ (350)
Printing	1,500	1,377	123
Programs	36,000	42,650	(6,650)
Events	2,000	2,004	(4)
Annual Fees	300	80	220
Miscellaneous	300	276	24
Total General Recreation Department	135,127	143,081	(7,954)
Youth Center/Skate Park:			
Full Time Labor	33,265	32,939	326
Part Time Labor	10,300	10,154	146
FICA	3,333	3,372	(39)
Health Insurance	1,000	1,045	(45)
Retirement	2,162	2,206	(44)
Workers Compensation	2,500	1,495	1,005
Disability Insurance	400	435	(35)
Travel	400	147	253
Supplies	7,200	7,200	0
Food	900	905	(5)
Heat	2,000	1,973	27
Electricity	1,100	2,065	(965)
Telephone	2,000	1,946	54
Programs/Workshops	1,200	1,111	89
Trash Disposal	1,800	1,843	(43)
Maintenance	400	133	267
Miscellaneous	1,000	1,443	(443)
Total Youth Center/Skate Park	70,960	70,412	548
Pottery Studio:			
Labor	10,100	10,099	1
Supplies	1,000	583	417
Kiln	700	611	89
Heat	800	801	(1)
Electricity	400	324	76
Rent	6,600	6,600	0
Telephone	500	469	31
Total Pottery Studio	20,100	19,487	613
Total Arts, Parks & Recreation Department	226,187	232,980	(6,793)
Voted Appropriations:			
Capital Equipment Fund	75,000	75,000	0
Capital Fire Equipment Fund	10,000	10,000	0
Capital Building Fund	20,000	30,000	(10,000)
Capital Building Fund - Howden Hall	7,500	7,500	0
Capital Road Fund	35,000	35,000	0
Reappraisal Fund	5,000	5,000	0
Conservation Reserve Fund	10,000	10,000	0
Lawrence Memorial Library	117,611	117,611	0
Bristol Recreation Club	17,000	17,000	0
Addison County Court Diversion	1,150	1,150	0
Addison County Home Health	4,700	4,700	0

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Voted Appropriations/(Cont'd):			
Addison County Humane Society	\$ 1,000	\$ 1,000	\$ 0
Addison County Parent Child Center	4,800	4,800	0
Addison County Transit Resources Program	8,900	8,900	0
Addison County Readers Program	2,000	2,000	0
Bristol After School Program	1,275	1,275	0
Bristol Band	1,100	1,100	0
Bristol Cemetery Association	8,000	8,000	0
Bristol Downtown Community Part.	10,000	10,000	0
Bristol Family Center	4,000	4,000	0
Bristol Fourth of July Committee	6,000	6,000	0
Bristol Historical Society	2,500	2,500	0
Bristol Little League	2,000	2,000	0
Bristol Rescue Squad	10,000	10,000	0
Champlain Valley Agency on Aging	2,700	2,700	0
Counseling Service Addison County	3,875	3,875	0
Elderly Services	2,200	2,200	0
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
Lewis Creek Association	300	300	0
Northeast Addison TV (NEAT)	3,500	3,500	0
Open Door Clinic	1,000	1,000	0
Retired Senior Volunteer Program	750	750	0
Vermont Adult Learning	1,650	1,650	0
WomenSafe	3,500	3,500	0
	<u>389,661</u>	<u>399,661</u>	<u>(10,000)</u>
Total Voted Appropriations			
Total Expenditures	<u>2,100,246</u>	<u>2,066,482</u>	<u>33,764</u>
Excess/(Deficiency) of Revenue			
Over Expenditures	\$ <u>(10,000)</u>	21,401	\$ <u>31,401</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Carter Tax Sale Fund Revenues		<u>470</u>	
Change in Modified Accrual Basis Fund Balance		21,871	
Fund Balance - July 1, 2012		<u>136,952</u>	
Fund Balance - June 30, 2013		<u>\$ 158,823</u>	

The reconciling item is due to combining one (1) fund with the General Fund in order to comply with GASB Statement No. 54.

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property Taxes	\$ 303,628	\$ 303,628	\$ 0
General Revenues	0	535	535
Detail Revenues	3,000	2,829	(171)
Town Traffic Patrol Contract	10,000	10,000	0
START Grant	0	8,698	8,698
MAUHS Contract	5,000	10,042	5,042
Click It or Ticket	0	4,167	4,167
Non-District Service Fees	2,500	4,365	1,865
Fines	18,000	6,972	(11,028)
Towing	1,000	335	(665)
Interest	100	0	(100)
Miscellaneous	500	231	(269)
Total Revenue	343,728	351,802	8,074
Expenditures:			
Salaries	143,500	155,163	(11,663)
Part-time Labor	20,000	8,824	11,176
Detail Labor	3,000	3,123	(123)
Clerical	3,000	2,220	780
Administrator	4,925	4,904	21
Overtime	18,000	15,661	2,339
START Grant Expense	0	1,051	(1,051)
Click-It or Ticket Grant Expense	0	1,872	(1,872)
FICA/MEDI	14,721	14,304	417
Health Insurance	50,370	30,869	19,501
State Retirement	11,012	11,835	(823)
Worker's Compensation	8,100	6,988	1,112
Disability Insurance	2,000	1,621	379
Uniforms	1,500	1,229	271

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TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:/(Cont'd)			
Training	\$ 1,500	\$ 2,252	\$ (752)
Computer	2,000	366	1,634
Office Supplies	750	1,426	(676)
Equipment	800	376	424
General Supplies	750	548	202
Vehicle Gas/Oil	7,500	11,835	(4,335)
Advertising	200	156	44
Vehicle Maintenance	6,000	8,550	(2,550)
Facility Expenses	13,000	12,667	333
Postage	500	161	339
Communications	6,000	5,902	98
Towing	800	485	315
Insurance	13,300	12,819	481
Capital Vehicle Reserve	7,500	7,500	0
Capital Equipment Reserve	2,000	2,000	0
Art Facility	0	6,538	(6,538)
Miscellaneous	1,000	469	531
	<u>343,728</u>	<u>333,714</u>	<u>10,014</u>
Total Expenditures			
Excess of Revenue			
Over Expenditures	\$ <u>0</u>	18,088	\$ <u>18,088</u>
Fund Balance - July 1, 2012		<u>33,574</u>	
Fund Balance - June 30, 2013		<u>\$ 51,662</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Bristol, Vermont's basic financial statements, and have issued our report thereon dated January 2, 2014.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Bristol, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 13-1 to be a material weakness.

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the Town of Bristol, Vermont in a separate letter dated January 2, 2014.

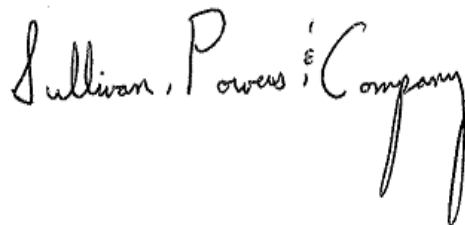
Town of Bristol, Vermont's Response to Finding

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

Purpose of this Report

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

January 2, 2014
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF BRISTOL, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2013

Deficiencies in Internal Control:

Material Weaknesses:

13-1 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 and closing the books are inadequately designed as adjustments had to be made to Cash, Accounts Receivable, Accounts Payable, Deferred Revenue, Landfill Closure Liability 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.

Management's Response:

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