

TOWN OF BRISTOL, VERMONT

AUDIT REPORT

JUNE 30, 2016

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

Selectboard
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P.O. Box 249
Bristol, Vermont 05443

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bristol, Vermont as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bristol, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Vermont as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Police Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

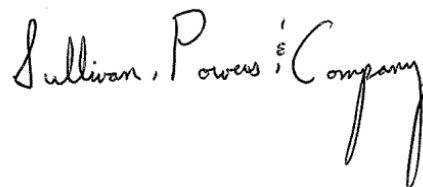
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1, and the Schedule of Contributions on Schedule 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated April 4, 2017 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.

April 4, 2017
Montpelier, Vermont
VT Lic. #92-000180



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, 2016. We encourage readers to consider the information presented here in conjunction with the audited report.

Financial Highlights

The Town of Bristol continues to operate with positive General Fund balance of \$175,603 as of June 30, 2016. The Revolving Loan Fund continues to operate with a positive fund balance of \$245,624. That fund also increased their loans receivable by \$47,359, putting money back into the community. The Police fund operates with a positive fund balance of \$37,871.

Government-wide Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$6,179,087 compared to \$4,740,794 at June 30, 2015. Of this amount \$5,308,782 represents governmental activities and \$870,305 represents our water, sewer and landfill funds (enterprise funds). Of these amounts, \$393,004 of governmental funds is unrestricted net position and may be used to meet future obligations of the Town.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,265,663, an increase of \$267,075 over the prior year. Of the total fund balance \$1,084,745 represents amounts restricted, committed or assigned to specific purposes, such as, but not limited to, the Revolving Loan fund, Police Fund, Capital Funds and grant expenditures.

Long-term Debt

The Town's total debt decreased \$135,178 during the fiscal year and had a total ending balance of \$2,152,180. During FY 2016 the Town extended the line of credit with People's United Bank, for the Town's portion of the design and construction costs to South Street Bridge. This line of credit will eventually be refinanced into a bond. See pages 40-44 for more information regarding the Town's long-term liabilities.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Bristol's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the Town of Bristol's assets and 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 of the Town of Bristol include general government, public safety, public works, recreation and parks. The business-type activities of the Town of Bristol include the Water Department, Sewer Department and Landfill. The government-wide financial statements may be found on pages 7 and 8, also listed as exhibits A & B.

	Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Assets:						
Current and Other Assets	\$ 1,846,735	\$ 1,613,124	\$ 50,781	\$ 688,513	\$ 1,897,516	\$ 2,301,637
Capital Assets	5,308,282	4,318,560	1,755,488	1,790,487	7,063,770	6,109,047
Total Assets	7,155,017	5,931,684	1,806,269	2,479,000	8,961,286	8,410,684
Deferred Outflows of Resources	159,290	47,198	0	0	159,290	47,198
Liabilities:						
Current Liabilities	76,065	123,160	25,242	16,915	101,307	140,075
Long-Term Liabilities	1,909,823	1,397,094	910,722	2,066,401	2,820,545	3,463,495
Total Liabilities	1,985,888	1,520,254	935,964	2,083,316	2,921,852	3,603,570
Deferred Inflows of Resources	19,637	113,518	0	0	19,637	113,518
Net Position:						
Net Investment in Capital Assets	4,066,106	2,999,446	845,484	822,243	4,911,590	3,821,689
Restricted	849,672	879,950	0	0	849,672	879,950
Unrestricted/(Deficit)	393,004	465,714	24,821	(426,559)	417,825	39,155
Total Net Position	\$ 5,308,782	\$ 4,345,110	\$ 870,305	\$ 395,684	\$ 6,179,087	\$ 4,740,794

Statement of Activities

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
REVENUES						
Charges for Service	\$ 273,708	\$ 333,664	\$ 309,322	\$ 426,197	\$ 583,030	\$ 759,861
Operating Grants and Contributions	147,359	443,536	160,035	10,595	307,394	454,131
Capital Grants and Contributions	1,024,856	0	0	0	1,024,856	0
Property Taxes	2,244,829	2,108,700	0	0	2,244,829	2,108,700
Penalty and Interest on Delinquent Taxes	29,770	21,210	0	0	29,770	21,210
Payment in Lieu of Taxes	917	917	0	0	917	917
General State Grants	153,986	130,928	0	0	153,986	130,928
Unrestricted Investment Earnings	3,118	1,492	2,055	1,122	5,173	2,614
Insurance Proceeds	789	1,239	0	0	789	1,239
Donations	60,999	550	0	0	60,999	550
Other Revenues	6,038	5,797	1,778	7,627	7,816	13,424
Donation of Capital Asset	0	67,642	0	0	0	67,642
Total Revenues	3,946,369	3,115,675	473,190	445,541	4,419,559	3,561,216
EXPENDITURES						
General Government	802,856	742,867	0	0	802,856	742,867
Public Safety	629,278	584,858	0	0	629,278	584,858
Public Works	825,823	883,560	0	0	825,823	883,560
Sanitation	7,239	53,812	0	0	7,239	53,812
Cemetery	3,361	2,582	0	0	3,361	2,582
Community Development	73,072	263,198	0	0	73,072	263,198
Culture and Recreation	277,733	132,734	0	0	277,733	132,734
Interest on Long-Term Debt	31,268	33,433	0	0	31,268	33,433
Water	0	0	258,428	238,897	258,428	238,897
Sewer	0	0	45,821	44,523	45,821	44,523
Landfill	0	0	26,387	251,252	26,387	251,252
Total Expenditures	2,650,630	2,697,044	330,636	534,672	2,981,266	3,231,716
Transfers In/(Out)	(332,067)	(17,500)	332,067	17,500	0	0
Changes in Net Position	963,672	401,131	474,621	(71,631)	1,438,293	329,500
Net Position - Beginning of Year	4,345,110	3,943,979	395,684	467,315	4,740,794	4,411,294
Net Position - End of Year	\$ 5,308,782	\$ 4,345,110	\$ 870,305	\$ 395,684	\$ 6,179,087	\$ 4,740,794

Fund Financial Statements

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

Governmental Funds

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

The Town reports 43 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Revolving Loan Fund, Police Fund, Capital Equipment Fund, Capital Building Fund, and Capital Roads Fund, where are all considered major funds. Data from the other 37 governmental funds are combined into a single column on the fund statements. Individual fund data for these non-major governmental funds is provided on pages 45-47.

Proprietary Funds

The Town maintains one type of proprietary fund and that is an enterprise fund. Enterprise funds are used to report business-type activities in the 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. Please note, the Landfill fund closed as of June 30, 2016.

FINANCIAL ANALYSIS

Governmental Activities

Governmental activities increased the Town of Bristol's net position by \$963,672 during the 2016 fiscal year.

Governmental Funds

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

Proprietary Funds

The Town of Bristol's proprietary funds provide the same type of information found in the government-wide financial statements. The net position of the Water Fund and Sewer Fund is \$615,811 and \$254,494, respectively. In the fiscal year 2016, operating expenses for the Water Fund increased by \$18,449, and operating expenses in the Sewer Fund increased by \$1,578. The Water Fund purchased \$45,360 in capital assets. Please note the Landfill Fund closed as of June 30, 2016. Any minor future expenses will be absorbed by the Governmental General Fund budget.

Contacting the Town Finance Department

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 801,384	\$ 99,571	\$ 900,955
Investments	137,296	0	137,296
Receivables	103,485	208,428	311,913
Loans Receivable	451,839	0	451,839
Prepaid Expenses	94,949	564	95,513
Internal Balances	257,782	(257,782)	0
Capital Assets			
Land	93,400	0	93,400
Construction in Progress	1,046,870	47,235	1,094,105
Other Capital Assets (Net of Accumulated Depreciation)	4,168,012	1,708,253	5,876,265
Total Assets	<u>7,155,017</u>	<u>1,806,269</u>	<u>8,961,286</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>159,290</u>	<u>0</u>	<u>159,290</u>
Total Deferred Outflows of Resources	<u>159,290</u>	<u>0</u>	<u>159,290</u>
<u>LIABILITIES</u>			
Accounts Payable	44,746	20,640	65,386
Accrued Payroll and Benefits Payable	29,089	338	29,427
Accrued Interest Payable	2,230	2,943	5,173
Unearned Revenue	0	1,321	1,321
Noncurrent Liabilities:			
Due within One Year	114,077	44,546	158,623
Due in More than One Year	1,795,746	866,176	2,661,922
Total Liabilities	<u>1,985,888</u>	<u>935,964</u>	<u>2,921,852</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	8,550	0	8,550
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>11,087</u>	<u>0</u>	<u>11,087</u>
Total Deferred Inflows of Resources	<u>19,637</u>	<u>0</u>	<u>19,637</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,066,106	845,484	4,911,590
Restricted:			
Revolving Loans	687,798	0	687,798
Public Safety	37,871	0	37,871
Other	124,003	0	124,003
Unrestricted	<u>393,004</u>	<u>24,821</u>	<u>417,825</u>
Total Net Position	<u>\$ 5,308,782</u>	<u>\$ 870,305</u>	<u>\$ 6,179,087</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, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental Activities:							
General Government	\$ 802,856	\$ 61,160	\$ 38,382	\$ 0	\$ (703,314)	\$ 0	\$ (703,314)
Public Safety	629,278	30,238	7,838	53,776	(537,426)	0	(537,426)
Public Works	825,823	6,154	87,027	916,691	184,049	0	184,049
Sanitation	7,239	195	976	0	(6,068)	0	(6,068)
Cemetery	3,361	0	0	0	(3,361)	0	(3,361)
Culture and Recreation	277,733	93,154	0	54,389	(130,190)	0	(130,190)
Community Development	73,072	82,807	13,136	0	22,871	0	22,871
Interest on Long-Term Debt	31,268	0	0	0	(31,268)	0	(31,268)
Total Governmental Activities	2,650,630	273,708	147,359	1,024,856	(1,204,707)	0	(1,204,707)
Business-Type Activities:							
Water	258,428	264,729	15,035	0	0	21,336	21,336
Sewer	45,821	31,690	0	0	0	(14,131)	(14,131)
Landfill	26,387	12,903	145,000	0	0	131,516	131,516
Total Business-Type Activities	330,636	309,322	160,035	0	0	138,721	138,721
Total	\$ 2,981,266	\$ 583,030	\$ 307,394	\$ 1,024,856	(1,204,707)	138,721	(1,065,986)
General Revenues:							
Property Taxes					2,244,829	0	2,244,829
Interest and Penalties on Delinquent Taxes					29,770	0	29,770
Payment in Lieu of Taxes					917	0	917
General State Grants					153,986	0	153,986
Unrestricted Investment Earnings					3,118	2,055	5,173
Insurance Proceeds					789	0	789
Donations					60,999	0	60,999
Other Revenues					6,038	1,778	7,816
Transfers					(332,067)	332,067	0
Total General Revenues and Transfers					2,168,379	335,900	2,504,279
Change in Net Position					963,672	474,621	1,438,293
Net Position - July 1, 2015					4,345,110	395,684	4,740,794
Net Position - June 30, 2016					\$ 5,308,782	\$ 870,305	\$ 6,179,087

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

TOWN OF BRISTOL, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Revolving Loan Fund	Police Fund	Capital Equipment Fund	Capital Building Fund	Capital Roads Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>								
Cash	\$ 44,461	\$ 116,363	\$ 0	\$ 285,206	\$ 15,623	\$ 199,431	\$ 140,300	\$ 801,384
Investments	0	119,596	0	0	0	0	17,700	137,296
Receivables	88,875	0	3,621	0	0	0	10,989	103,485
Loans Receivable	0	451,839	0	0	0	0	0	451,839
Due from Other Funds	62,466	0	42,018	0	0	8,897	161,871	275,252
Prepaid Expenses	92,042	0	2,907	0	0	0	0	94,949
Total Assets	\$ 287,844	\$ 687,798	\$ 48,546	\$ 285,206	\$ 15,623	\$ 208,328	\$ 330,860	\$ 1,864,205
<u>LIABILITIES</u>								
Accounts Payable	\$ 38,564	\$ 0	\$ 1,128	\$ 3,999	\$ 975	\$ 0	\$ 80	\$ 44,746
Accrued Payroll and Benefits Payable	19,542	0	9,547	0	0	0	0	29,089
Due to Other Funds	0	0	0	8,844	8,626	0	0	17,470
Total Liabilities	58,106	0	10,675	12,843	9,601	0	80	91,305
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Property Taxes, Penalty and Interest	45,585	0	0	0	0	0	0	45,585
Unavailable Loan Revenue	0	442,174	0	0	0	0	0	442,174
Unavailable Grant Revenue	0	0	0	0	0	0	10,928	10,928
Property Tax Overpayments/Prepayments	8,550	0	0	0	0	0	0	8,550
Total Deferred Inflows of Resources	54,135	442,174	0	0	0	0	10,928	507,237
<u>FUND BALANCES/(DEFICIT)</u>								
Nonspendable	92,042	0	2,907	0	0	0	17,700	112,649
Restricted	0	245,624	34,964	0	0	0	106,303	386,891
Committed	0	0	0	57,594	0	0	0	57,594
Assigned	0	0	0	214,769	6,022	208,328	211,141	640,260
Unassigned/(Deficit)	83,561	0	0	0	0	0	(15,292)	68,269
Total Fund Balances	175,603	245,624	37,871	272,363	6,022	208,328	319,852	1,265,663
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 287,844	\$ 687,798	\$ 48,546	\$ 285,206	\$ 15,623	\$ 208,328	\$ 330,860	

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.	5,308,282
Other Assets are not Available to Pay for Current Period Expenditures, and, Therefore, are Deferred in the Funds.	498,687
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.	(1,912,053)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, therefore, are not Reported in the Funds.	148,203
Net Position of Governmental Activities	\$ 5,308,782

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, 2016

	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	\$ 1,856,008	\$ 0	\$ 345,695	\$ 57,580	\$ 0	\$ 0	\$ 0	\$ 2,259,283
Penalties and Interest	29,770	0	0	0	0	0	0	29,770
Licenses, Fees and Fines	14,890	0	17,470	0	0	0	3,584	35,944
Intergovernmental Revenues	190,120	0	0	0	0	133,185	237,767	561,072
Contributions and Donations	1,054	0	0	47,283	0	0	12,662	60,999
Charges for Services	136,173	0	12,768	0	0	0	0	148,941
Investment Income	538	377	0	288	34	387	1,494	3,118
Loan Interest Income	0	10,166	0	0	0	0	0	10,166
Loan Repayments	0	72,641	0	0	0	0	0	72,641
Recycling Revenues	1,157	0	0	0	0	0	0	1,157
Other Revenues	3,771	771	922	4,655	0	0	0	10,119
Total Revenues	2,233,481	83,955	376,855	109,806	34	133,572	255,507	3,193,210
EXPENDITURES:								
Current:								
General Government	631,344	0	0	0	16,951	0	120,635	768,930
Public Safety	147,129	0	387,043	25,857	0	0	10,250	570,279
Public Works	652,855	0	0	0	0	10,879	2,245	665,979
Sanitation	7,239	0	0	0	0	0	0	7,239
Cemetery	3,361	0	0	0	0	0	0	3,361
Culture & Recreation	264,887	0	0	0	0	0	2,490	267,377
Community Development	0	121,446	0	0	0	0	0	121,446
Capital Outlay:								
Public Safety	0	0	0	36,720	33,585	42,989	44,776	158,070
Public Works	25,506	0	0	0	4,950	202,297	530	233,283
Culture & Recreation	0	0	0	0	0	0	43,230	43,230
Debt Service:								
Principal	101,938	0	0	0	0	0	0	101,938
Interest	31,481	0	0	0	0	0	0	31,481
Total Expenditures	1,865,740	121,446	387,043	62,577	55,486	256,165	224,156	2,972,613
Excess/(Deficiency) of Revenues Over Expenditures	367,741	(37,491)	(10,188)	47,229	(55,452)	(122,593)	31,351	220,597
Other Financing Sources/(Uses):								
Proceeds from Long Term Debt	0	0	0	0	0	0	25,000	25,000
Transfers In	48,553	0	10,000	118,000	20,000	135,000	15,000	346,553
Transfers Out	(311,545)	0	(13,000)	0	0	0	(530)	(325,075)
Total Other Financing Sources/(Uses)	(262,992)	0	(3,000)	118,000	20,000	135,000	39,470	46,478
Net Change in Fund Balances	104,749	(37,491)	(13,188)	165,229	(35,452)	12,407	70,821	267,075
Fund Balances - July 1, 2015	70,854	283,115	51,059	107,134	41,474	195,921	249,031	998,588
Fund Balances - June 30, 2016	\$ 175,603	\$ 245,624	\$ 37,871	\$ 272,363	\$ 6,022	\$ 208,328	\$ 319,852	\$ 1,265,663

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, 2016

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)	\$	267,075
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$434,583) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$237,368). This is the amount by which capital outlays exceeded depreciation in the current period.		197,215
The net effect of various transactions involving capital assets (i.e., sales, loss on disposal of assets, capital grants and donations) is to increase net position. This amount is the donation of a capital asset.		792,506
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		10,623
The issuance of long-term debt (\$25,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$101,938) 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.		76,938
Governmental funds report employer pension contributions as expenditures (\$48,572). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$68,195) is reported as pension expense.		(19,623)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount reflects the increase in the balances of these expenditures over last year.		(7,517)
The transfer of the post closure liability from the Landfill Fund is a long-term liability and, therefore, not reflected in the Governmental Funds.		<u>(353,545)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>963,672</u></u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Taxes:			
Property Taxes	\$ 1,849,991	\$ 1,856,008	\$ 6,017
Delinquent Taxes - Interest	9,400	10,170	770
Delinquent Taxes - Penalty	13,550	19,600	6,050
Fish and Wildlife Pond Access PILOT	900	917	17
National Forest Payments	14,500	15,745	1,245
Current Use Program	72,000	71,661	(339)
Total Taxes	1,960,341	1,974,101	13,760
Licenses, Fines & Fees:			
Liquor Licenses	1,100	670	(430)
Dog Licenses	2,325	2,263	(62)
Dog Fines	350	337	(13)
Police Fines	7,200	11,305	4,105
Town Clerk Fees	33,000	34,161	1,161
Motor Vehicle Reg. Renewals	700	601	(99)
Zoning Fees	9,500	8,385	(1,115)
School Treasurer's Fee	1,500	1,500	0
Total Licenses, Fines & Fees	55,675	59,222	3,547
Recreation Department:			
Program Registration Fees	58,000	58,067	67
Town Appropriations - 4 Towns	9,000	9,500	500
Youth Center Event & Rental Income	1,000	1,295	295
Pottery Studio	12,000	13,096	1,096
Hall Rentals	2,250	3,415	1,165
Transfer from Lacrosse Fund	0	24	24
Transfer from Recreation Fund	0	456	456
Total Recreation Department	82,250	85,853	3,603
Highway Department:			
State Aid for Highways	96,206	95,977	(229)
Public Works Grant	0	5,820	5,820
Equipment Use - Water/Landfill	9,200	5,753	(3,447)
Garage Rent from Water Department	400	400	0
Miscellaneous	500	786	286
Total Highway Department	106,306	108,736	2,430
Reimbursements to Town:			
Library Personnel Benefits Reimbursement	600	789	189
Act 60 Reimbursements	1,647	1,682	35
Total Reimbursements to Town	2,247	2,471	224
Recycling Revenue:			
Recyclable Material Payments	2,325	195	(2,130)
Recycling User Sticker Fees	13,160	0	(13,160)
Household Hazardous Waste	2,100	976	(1,124)
Total Recycling Revenue	17,585	1,171	(16,414)

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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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Other Revenues:			
Interest	\$ 1,100	\$ 538	\$ (562)
Parking Permit Fees	150	315	165
Transfer from Dry Hydrant Fund	0	50	50
Transfer from Landfill Fund	0	48,023	48,023
Donations	0	1,054	1,054
Miscellaneous Revenues	500	500	0
Total Other Revenues	1,750	50,480	48,730
Total Revenue	2,226,154	2,282,034	55,880
Expenditures:			
General Expenses:			
Supplies	3,000	2,470	530
Furnishings	300	392	(92)
Equipment	3,700	2,587	1,113
Advertising	800	1,256	(456)
Postage	3,700	3,437	263
Telephone	2,150	2,193	(43)
Pub. Official & Empl. Practices Ins.	10,000	10,284	(284)
Landfill - Fees	1,500	780	720
Miscellaneous	2,000	2,422	(422)
Total General Expenses	27,150	25,821	1,329
Administrator's Office:			
Salaries	74,950	76,601	(1,651)
Additional Labor	300	90	210
FICA	5,757	5,977	(220)
Health Insurance	16,782	15,566	1,216
Retirement	5,247	4,884	363
Workers Compensation	230	100	130
Disability Insurance	700	797	(97)
Mileage	1,500	1,594	(94)
Training	200	239	(39)
Total Administrator's Office	105,666	105,848	(182)
Clerk/Treasurer's Office:			
Salaries	71,336	68,045	3,291
FICA	5,457	4,902	555
Health Insurance	20,804	20,975	(171)
Retirement	4,007	3,783	224
Workers Compensation	240	201	39
Disability Insurance	535	621	(86)
Training	300	276	24
Supplies	3,800	4,141	(341)
Software & Programming	1,100	972	128
Equipment	500	275	225
Postage	1,300	1,295	5
Telephone	1,600	1,660	(60)
Microfilming	525	640	(115)
Miscellaneous	200	191	9
Total Clerk/Treasurer's Office	111,704	107,977	3,727

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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, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Listing Department:			
Salaries	\$ 15,000	\$ 11,012	\$ 3,988
FICA	1,148	816	332
Workers Compensation	120	100	20
Mileage	250	140	110
Training	300	250	50
Supplies	400	397	3
Software	1,400	1,492	(92)
Equipment	200	0	200
Postage	300	110	190
Telephone	850	854	(4)
Legal Fees	300	105	195
Professional Fees	1,500	420	1,080
Map Maintenance	1,800	2,048	(248)
Miscellaneous	100	0	100
	<u>23,668</u>	<u>17,744</u>	<u>5,924</u>
Total Listing Department			
Planning & Zoning:			
Salaries	13,139	14,196	(1,057)
FICA	1,005	1,024	(19)
Retirement	225	334	(109)
Workers Compensation	115	100	15
Disability Insurance	161	34	127
Mileage	400	448	(48)
Training	100	60	40
Supplies	500	133	367
Advertising	450	444	6
Postage	500	425	75
Attorney Fees	7,500	153	7,347
Planning Services	7,500	12,500	(5,000)
Printing	500	13	487
Meetings	700	765	(65)
	<u>32,795</u>	<u>30,629</u>	<u>2,166</u>
Total Planning & Zoning			
Professional Fees:			
Attorney Fees	4,000	5,644	(1,644)
Audit Fees	19,500	15,901	3,599
	<u>23,500</u>	<u>21,545</u>	<u>1,955</u>
Total Professional Fees			
Town Report	<u>1,800</u>	<u>945</u>	<u>855</u>
Meetings & Elections:			
Election Workers	900	854	46
Election Supplies	1,700	1,585	115
	<u>2,600</u>	<u>2,439</u>	<u>161</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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Town Officers:			
Salaries	\$ 4,750	\$ 5,336	\$ (586)
Collector of Delinquent Taxes	7,446	8,101	(655)
Conservation Commission	400	100	300
Energy Committee	100	100	0
FICA/MEDI	933	901	32
Training	165	334	(169)
Total Town Officers	13,794	14,872	(1,078)
Town Parks:			
Supplies	1,200	583	617
Electricity	1,100	1,224	(124)
Liability Insurance	1,600	1,314	286
Mowing	11,500	9,882	1,618
Maintenance	1,000	0	1,000
Sycamore Park Portolet	500	530	(30)
Tree Planting	500	620	(120)
Landfill Fees	1,800	1,137	663
Miscellaneous	100	0	100
Total Town Parks	19,300	15,290	4,010
Holley Hall:			
Supplies	900	1,062	(162)
Equipment	250	53	197
Heating Fuel	7,000	2,923	4,077
Electricity	3,900	3,552	348
Custodial	4,500	5,168	(668)
Building Maintenance	2,600	6,035	(3,435)
Liability Insurance	4,800	4,407	393
Holley Hall Renovation Bond	57,600	56,813	787
Sewer Fees	550	550	0
Water Fees	300	205	95
Total Holley Hall	82,400	80,768	1,632
Howden Hall:			
Supplies	200	81	119
Heating Fuel	2,700	953	1,747
Electricity	1,600	1,551	49
Telephone	500	556	(56)
Liability Insurance	3,230	3,182	48
Maintenance & Custodial	800	1,599	(799)
Coach House	50	0	50
Water Fees	275	221	54
Debt Service	7,841	7,841	0
Total Howden Hall	17,196	15,984	1,212

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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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:			
Dog Officer	\$ 1,600	\$ 1,245	\$ 355
FICA	122	84	38
Dog Pound	1,600	1,275	325
Street Lights	26,000	25,683	317
Town Traffic Control	10,000	10,000	0
Police Services - Outside District	4,350	4,005	345
Total Public Safety	<u>43,672</u>	<u>42,292</u>	<u>1,380</u>
Fire Department:			
Labor	25,000	22,065	2,935
FICA/MEDI	1,913	1,608	305
Dues	1,092	1,128	(36)
Training	2,000	2,849	(849)
OSHA Requirements	5,500	8,472	(2,972)
Supplies	8,000	7,489	511
Heating Fuel	6,000	986	5,014
Electricity	3,500	2,891	609
Propane	0	636	(636)
Gas & Oil	3,500	1,724	1,776
Telephone	1,300	1,343	(43)
Dispatching	3,000	3,646	(646)
Building Maintenance	5,000	3,408	1,592
Workers Compensation	4,446	5,791	(1,345)
Accident & Disability Insurance	2,600	2,587	13
Liability Insurance	7,700	7,973	(273)
Water Fees	240	413	(173)
Landfill Fees	120	241	(121)
Hose Replacement	2,000	1,491	509
CTI Tower Lease	3,183	3,183	0
Radios and Pagers	4,000	4,352	(352)
Firefighting Equipment Repairs	3,600	2,743	857
2007 Engine Tanker Repairs	1,000	502	498
Pumper - Hose Reel	500	14,337	(13,837)
1997 Engine One	2,000	2,271	(271)
Utility Vehicle Repair	850	876	(26)
Heavy Rescue Vehicle Repair	850	40	810
Storage Heavy Rescue	7,400	7,400	0
Brush Truck	500	49	451
Bond Payment - 2007 Eng. Tanker	34,049	34,049	0
Fire Prevention	500	335	165
Fire/Uniforms & Apparel	1,000	1,086	(86)
Fire/Apparatus Pump Service & Testing	1,500	812	688
Miscellaneous	200	110	90
Total Fire Department	<u>144,043</u>	<u>148,886</u>	<u>(4,843)</u>
Lawrence Memorial Library:			
Workers Compensation	230	200	30
Disability Insurance	625	589	36
Liability Insurance	2,400	2,291	109
Total Lawrence Memorial Library	<u>3,255</u>	<u>3,080</u>	<u>175</u>
Cemetery Care	<u>3,100</u>	<u>3,361</u>	<u>(261)</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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Other Debt Service & Transfers:			
Tax Anticipation Interest	\$ 500	\$ 1,597	\$ (1,097)
Total Other Debt Service & Transfers	500	1,597	(1,097)
Dues, Taxes, Contributions:			
Addison County Regional Planning	4,628	4,627	1
Addison County Tax	13,500	13,402	98
Addison County Economic Dev. Corp.	3,500	3,500	0
Vermont League of Cities & Towns	5,142	5,142	0
Christmas Committee	400	444	(44)
Fourth of July Bristol PD Expense	1,000	918	82
Chamber of Commerce	165	0	165
Total Dues, Taxes, Contributions	28,335	28,033	302
Municipal Solid Waste Program:			
Recycling Hauling Process	18,500	5,239	13,261
Recycling Labor	10,239	1,025	9,214
Recycling Manager's Salary	3,955	25	3,930
Worker's Compensation	700	268	432
FICA	1,086	2	1,084
Equipment Use	1,382	640	742
Household Hazardous Waste	22,000	0	22,000
Solid Waste Education Program	200	0	200
Solid Waste Planning	1,800	0	1,800
Electricity	540	40	500
Landfill Closure	26,545	26,545	0
Total Municipal Solid Waste Program	86,947	33,784	53,163
Highway Department:			
Personnel & Insurance:			
Salaries	237,300	241,164	(3,864)
Overtime	22,500	10,215	12,285
FICA/MEDI	19,875	18,375	1,500
Health Insurance	52,969	55,700	(2,731)
Retirement	18,002	17,581	421
Workers Compensation	14,500	15,062	(562)
Disability Insurance	3,000	2,460	540
Uniforms	1,500	1,553	(53)
Mileage	400	273	127
Training	600	436	164
Liability Insurance	13,000	12,658	342
Total Personnel & Insurance	383,646	375,477	8,169
Equipment:			
Supplies	15,000	15,954	(954)
Parts	12,000	16,667	(4,667)
Tires	6,000	6,137	(137)
Fuels	52,000	22,495	29,505
Oil, Anti-freeze	2,000	2,946	(946)
Purchases	2,500	2,504	(4)
Contracted Repairs	11,000	18,399	(7,399)
Equipment Rentals	500	0	500
Total Equipment	101,000	85,102	15,898

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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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Garage:			
Supplies	\$ 5,500	\$ 5,950	\$ (450)
Heating Fuels (Old Garage)	3,000	954	2,046
Propane (New Garage)	3,000	2,002	998
Electricity	3,500	2,963	537
Telephone	1,200	1,863	(663)
Pagers	1,200	928	272
Maintenance	2,500	10,254	(7,754)
Water Fees	275	208	67
Landfill Fees	300	294	6
	20,475	25,416	(4,941)
 Total Garage			
Materials & Services:			
Road Gravel	22,000	26,280	(4,280)
Winter Sand	32,000	31,841	159
Salt	50,000	62,709	(12,709)
Chloride	22,000	23,133	(1,133)
Cold Patch	1,000	837	163
Culverts	4,000	4,500	(500)
Signs	3,000	5,241	(2,241)
Tree Work	5,000	4,200	800
Pavement Marking	1,000	1,032	(32)
Sidewalks	15,000	13,880	1,120
Guard Rail	2,000	2,000	0
Storm Drainage	1,000	764	236
Contracted Services	13,000	14,938	(1,938)
Miscellaneous	1,000	1,011	(11)
	172,000	192,366	(20,366)
 Total Materials & Services			
Indebtedness			
Stormwater Bond (2010)	34,920	34,919	1
South Street Bridge Replacement	2,000	1,394	606
	36,920	36,313	607
 Total Indebtedness			
 Total Highway Department	714,041	714,674	(633)
 Arts, Parks & Recreation Department:			
General Recreation Department:			
Labor (Director & Assistant)	61,387	63,471	(2,084)
Contracted Labor	500	520	(20)
FICA	4,734	4,673	61
Health Insurance	21,746	21,163	583
Retirement	4,297	4,160	137
Workers Compensation	1,500	1,433	67
Disability Insurance	800	671	129
Liability Insurance	1,500	1,500	0
Mileage	300	341	(41)
Training	600	383	217
Supplies	1,000	1,322	(322)
Equipment	2,400	2,552	(152)
Advertising	1,600	1,798	(198)
Facilities Rent	800	760	40
Postage	300	149	151
Telephone	1,250	1,054	196

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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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Arts, Parks & Recreation Department/(Cont'd):			
Holley Hall Custodial	\$ 2,100	\$ 1,780	\$ 320
Printing	1,500	1,590	(90)
Programs	36,000	34,860	1,140
Events	2,000	2,633	(633)
Annual Fees	300	250	50
Miscellaneous	250	297	(47)
Total General Recreation Department	146,864	147,360	(496)
Youth Center/Skate Park:			
Full Time Labor	31,211	31,812	(601)
Part Time Labor	14,560	14,100	460
FICA	3,502	3,394	108
Health Insurance	11,852	6,562	5,290
Retirement	3,204	2,200	1,004
Workers Compensation	1,450	1,683	(233)
Disability Insurance	600	373	227
Travel	150	143	7
Hub Rent to Recreation Club	7,200	7,200	0
Supplies	1,000	1,014	(14)
Food	2,200	2,068	132
Heat	2,800	1,533	1,267
Electricity	1,800	1,557	243
Telephone	1,100	1,177	(77)
Programs/Workshops	1,800	1,800	0
Water Fees	250	264	(14)
Trash Disposal	500	630	(130)
Maintenance	1,000	702	298
Total Youth Center/Skate Park	86,179	78,212	7,967
Pottery Studio:			
Labor	11,526	11,526	0
Supplies	700	716	(16)
Kiln	820	884	(64)
Heat	1,000	61	939
Electricity	400	356	44
Rent	7,500	6,900	600
Telephone	500	502	(2)
Total Pottery Studio	22,446	20,945	1,501
Total Arts, Parks & Recreation Department	255,489	246,517	8,972
Voted Appropriations:			
Capital Equipment Fund	85,000	85,000	0
Capital Fire Equipment Fund	20,000	20,000	0
Capital Building Fund	20,000	20,000	0
Capital Road Fund	35,000	35,000	0
Capital Road Fund - Paving	100,000	100,000	0
Reappraisal Fund	5,000	5,000	0
Conservation Reserve Fund	10,000	10,000	0
Lawrence Memorial Library	129,543	129,543	0
Bristol Recreation Club	15,000	15,000	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, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Voted Appropriations/(Cont'd):			
Addison County Humane Society	\$ 1,000	\$ 1,000	\$ 0
Addison County Parent Child Center	4,800	4,800	0
Addison County Transit Resources Program	10,706	10,706	0
Addison County Readers Program	2,000	2,000	0
Bristol After School Program	1,275	1,275	0
Bristol Band	1,200	1,200	0
Bristol Cemetery Association	7,000	7,000	0
Bristol Downtown Community Part.	10,000	10,000	0
Bristol Family Center	4,000	4,000	0
Bristol Fourth of July Committee	6,000	6,000	0
Bristol Historical Society	2,500	2,500	0
Bristol Little League	2,000	2,000	0
Bristol Rescue Squad	12,000	12,000	0
Champlain Valley Agency on Aging	2,700	2,700	0
Counseling Service Addison County	3,875	3,875	0
Elderly Services	2,200	2,200	0
Helping Overcome Poverty's Effects	3,250	3,250	0
Hospice Volunteer Services	1,200	1,200	0
John Graham Emergency Shelter	1,400	1,400	0
Lewis Creek Association	300	300	0
Northeast Addison TV (NEAT)	3,500	3,500	0
Open Door Clinic	1,000	1,000	0
Retired Senior Volunteer Program	750	750	0
Vermont Adult Learning	1,650	1,650	0
WomenSafe	3,500	3,500	0
	<u>515,199</u>	<u>515,199</u>	<u>0</u>
Total Voted Appropriations			
	<u>2,256,154</u>	<u>2,177,285</u>	<u>78,869</u>
Total Expenditures			
Excess/(Deficiency) of Revenue			
Over Expenditures	\$ <u>(30,000)</u>	104,749	\$ <u>134,749</u>
Fund Balance - July 1, 2015		<u>70,854</u>	
Fund Balance - June 30, 2016		<u>\$ 175,603</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property Taxes	\$ 345,695	\$ 345,695	\$ 0
Detail Revenues	3,000	6,058	3,058
Town Traffic Patrol Contract	10,000	10,000	0
MAUHS Contract	5,200	6,710	1,510
Non-District Service Fees	4,350	6,878	2,528
Fines	6,500	10,592	4,092
Towing	500	0	(500)
Miscellaneous	975	922	(53)
	<u>376,220</u>	<u>386,855</u>	<u>10,635</u>
Expenditures:			
Full-time Labor	163,592	154,785	8,807
Part-time Labor	18,000	33,641	(15,641)
Detail Labor	2,800	4,948	(2,148)
Clerical	12,480	5,685	6,795
Administrator	4,812	4,727	85
Overtime	20,800	21,594	(794)
FICA/MEDI	17,020	16,702	318
Health Insurance	33,839	34,640	(801)
State Retirement	13,440	12,122	1,318
Worker's Compensation	7,151	8,505	(1,354)
Disability Insurance	2,000	1,753	247
Uniforms	2,000	2,281	(281)
Training	2,500	3,495	(995)
Computer	1,000	840	160
Office Supplies	1,225	1,557	(332)
Equipment	1,500	991	509
General Supplies	800	252	548
Vehicle Gas/Oil	9,500	6,427	3,073

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:/(Cont'd)			
Vehicle Maintenance	\$ 6,500	\$ 7,579	\$ (1,079)
Facility Expenses	39,246	38,311	935
Postage	270	182	88
Communications	6,800	10,061	(3,261)
Towing	300	0	300
Insurance	14,745	15,036	(291)
Capital Vehicle Reserve	11,000	11,000	0
Capital Equipment Reserve	2,000	2,000	0
Miscellaneous	900	929	(29)
Total Expenditures	396,220	400,043	(3,823)
Excess/(Deficiency) of Revenue Over Expenditures	\$ (20,000)	(13,188)	\$ 6,812
Fund Balance - July 1, 2015		51,059	
Fund Balance - June 30, 2016		\$ 37,871	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT
 STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	Water Fund	Sewer Fund	Landfill Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 72,113	\$ 18,593	\$ 8,865	\$ 99,571
Receivables (Net of Allowance for Uncollectible Accounts)	48,240	15,188	145,000	208,428
Prepaid Expenses	564	0	0	564
Total Current Assets	120,917	33,781	153,865	308,563
Noncurrent Assets:				
Capital Assets				
Construction in Progress	47,235	0	0	47,235
Plant and Equipment	2,374,889	583,262	0	2,958,151
Accumulated Depreciation	(987,427)	(262,471)	0	(1,249,898)
Total Noncurrent Assets	1,434,697	320,791	0	1,755,488
Total Assets	\$ 1,555,614	\$ 354,572	\$ 153,865	\$ 2,064,051
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 5,555	\$ 685	\$ 14,400	\$ 20,640
Accrued Payroll	253	85	0	338
Accrued Interest Payable	2,667	276	0	2,943
Unearned Revenue	1,321	0	0	1,321
Due to Other Funds	103,583	14,734	139,465	257,782
General Obligation Bonds Payable - Current Portion	35,366	9,180	0	44,546
Total Current Liabilities	148,745	24,960	153,865	327,570
Noncurrent Liabilities:				
Compensated Absences Payable	492	226	0	718
General Obligation Bonds Payable - Noncurrent Portion	790,566	74,892	0	865,458
Total Noncurrent Liabilities	791,058	75,118	0	866,176
Total Liabilities	939,803	100,078	153,865	1,193,746
<u>NET POSITION/(DEFICIT)</u>				
Net Investment in Capital Assets	608,765	236,719	0	845,484
Unrestricted	7,046	17,775	0	24,821
Total Net Position	615,811	254,494	0	870,305
Total Liabilities and Net Position	\$ 1,555,614	\$ 354,572	\$ 153,865	\$ 2,064,051

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, 2016

	Water Fund	Sewer Fund	Landfill Fund	Total
Operating Revenues:				
Charges for Services	\$ 264,729	\$ 31,690	\$ 12,903	\$ 309,322
Other Income	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Total Operating Revenues	<u>264,729</u>	<u>31,690</u>	<u>13,303</u>	<u>309,722</u>
Operating Expenses:				
Operations	166,352	27,778	26,387	220,517
Depreciation	<u>59,277</u>	<u>14,582</u>	<u>0</u>	<u>73,859</u>
Total Operating Expenses	<u>225,629</u>	<u>42,360</u>	<u>26,387</u>	<u>294,376</u>
Operating Income/(Loss)	<u>39,100</u>	<u>(10,670)</u>	<u>(13,084)</u>	<u>15,346</u>
Non-Operating Revenues/(Expenses):				
Investment Income	131	45	1,879	2,055
Grant Revenue	0	0	145,000	145,000
Gain on Sale of Equipment	0	0	1,378	1,378
Interest Expense	<u>(32,799)</u>	<u>(3,461)</u>	<u>0</u>	<u>(36,260)</u>
Total Non-Operating Revenues (Expenses)	<u>(32,668)</u>	<u>(3,416)</u>	<u>148,257</u>	<u>112,173</u>
Net Income/(Loss) Before Capital Contributions and Transfers	<u>6,432</u>	<u>(14,086)</u>	<u>135,173</u>	<u>127,519</u>
Capital Contributions and Transfers:				
Capital Contributions	15,035	0	0	15,035
Transfers In	0	0	380,090	380,090
Transfers Out	<u>0</u>	<u>0</u>	<u>(48,023)</u>	<u>(48,023)</u>
Total Capital Contributions and Transfers	<u>15,035</u>	<u>0</u>	<u>332,067</u>	<u>347,102</u>
Change in Net Position	21,467	(14,086)	467,240	474,621
Net Position/(Deficit) - July 1, 2015	<u>594,344</u>	<u>268,580</u>	<u>(467,240)</u>	<u>395,684</u>
Net Position - June 30, 2016	<u>\$ 615,811</u>	<u>\$ 254,494</u>	<u>\$ 0</u>	<u>\$ 870,305</u>

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

TOWN OF BRISTOL, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water Fund	Sewer Fund	Landfill Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 274,044	\$ 31,483	\$ 15,306	\$ 320,833
Receipts of Other Income	0	0	400	400
Payments for Wages and Benefits	(9,672)	(2,774)	(10,395)	(22,841)
Payments for Goods and Services	(156,343)	(26,367)	(748,932)	(931,642)
Net Cash Provided/(Used) by Operating Activities	<u>108,029</u>	<u>2,342</u>	<u>(743,621)</u>	<u>(633,250)</u>
Cash Flows From Noncapital Financing Activities:				
(Decrease)/Increase in Due to Other Funds	16,290	11,683	0	27,973
Decrease/(Increase) in Due from Other Funds	0	0	146,198	146,198
Transfers from Other Funds	0	0	26,545	26,545
Transfers to Other Funds	0	0	(48,023)	(48,023)
Net Cash Provided by Noncapital Financing Activities	<u>16,290</u>	<u>11,683</u>	<u>124,720</u>	<u>152,693</u>
Cash Flows From Capital and Related Financing Activities:				
Capital Contributions	15,035	0	0	15,035
Proceeds from Sale of Equipment	0	0	7,878	7,878
Acquisition and Construction of Capital Assets	(45,360)	0	0	(45,360)
Principal Paid on General Obligation Bonds	(34,407)	(8,833)	0	(43,240)
Principal Paid on Notes Payable	(15,000)	0	0	(15,000)
Interest Paid on General Obligation Bonds	(32,827)	(3,490)	0	(36,317)
Interest Paid on Notes Payable	(294)	0	0	(294)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(112,853)</u>	<u>(12,323)</u>	<u>7,878</u>	<u>(117,298)</u>
Cash Flows From Investing Activities:				
Receipt of Principal of Certificates of Deposits	0	0	406,792	406,792
Receipt of Interest and Dividends	131	45	1,879	2,055
Net Cash Provided by Investing Activities	<u>131</u>	<u>45</u>	<u>408,671</u>	<u>408,847</u>
Net Increase/(Decrease) in Cash	11,597	1,747	(202,352)	(189,008)
Cash - July 1, 2015	60,516	16,846	211,217	288,579
Cash - June 30, 2016	<u>\$ 72,113</u>	<u>\$ 18,593</u>	<u>\$ 8,865</u>	<u>\$ 99,571</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 39,100	\$ (10,670)	\$ (13,084)	\$ 15,346
Depreciation	59,277	14,582	0	73,859
(Increase)/Decrease in Accounts Receivable	9,492	(207)	2,470	11,755
(Increase)/Decrease in Prepaid Expenses	1,006	0	0	1,006
Increase/(Decrease) in Accounts Payable	(949)	(1,471)	11,004	8,584
Increase/(Decrease) in Unearned Revenue	(177)	0	(67)	(244)
Increase/(Decrease) in Accrued Payroll Payable	253	85	0	338
Increase/(Decrease) in Compensated Absences Payable	27	23	(289)	(239)
Increase/(Decrease) in Landfill Estimated Closure Cost Liability	0	0	(743,655)	(743,655)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 108,029</u>	<u>\$ 2,342</u>	<u>\$ (743,621)</u>	<u>\$ (633,250)</u>

The Landfill Fund sold equipment with a cost of \$25,000 and accumulated depreciation of \$18,500 for \$7,878.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

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

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

Capital Equipment Fund – The Capital Equipment Fund was established to account for monies transferred from other funds on an annual basis to be used for the acquisition of equipment.

Capital Building Fund – The Capital Building Fund was established to account for monies transferred from other funds on an annual basis to be used for building improvements.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Proprietary Funds

The Town reports the following major enterprise funds:

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

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

Landfill Fund – The Landfill Fund was established to account for user fees charged to customers to provide solid waste services. The landfill was closed on August 1, 2015.

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

C. Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

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

E. Use of Estimates

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

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash

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

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

2. Investments

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

3. Receivables

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

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. The purpose of the interfund balances is to allow the Town to pool its cash deposits to better manage its cash flow.

5. Pensions

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

6. Prepaid Expenses

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

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities reports deferred outflows of resources from one source; deferred outflows related to the Town’s participation in the Vermont Municipal Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four (4) types of items which arise under the modified accrual basis of accounting and two (2) types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Municipal Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related. The governmental funds report deferred inflows of resources from four (4) sources; prepaid property taxes, unavailable property taxes, penalties and interest, unavailable grant revenue, and unavailable loans receivable. These amounts are deferred and recognized as an inflow of resources in the future periods that the amounts become available or to which the inflows are related.

8. Capital Assets

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

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, 2016

	<u>Estimated Service Life</u>
Buildings and Building Improvements	40
Furniture and Equipment	7-15
Infrastructure	40
Vehicles	5-10
Water and Sewer Systems	40
Roads	40

9. Compensated Absences

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

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

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

10. Long-term Liabilities

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

11. Fund Equity

Fund Equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budgeted Deficit

The Town elected to budget a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$30,000 in order to utilize a portion of the previous year’s surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Exhibit F.

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

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2016, the Town expended \$3,823 more than appropriated in the Police Fund. These over-expenditures were funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2016 consisted of the following:

Cash:

Deposits with Financial Institutions	\$ 892,496
Cash on Hand	<u>8,459</u>
Total Cash	<u>900,955</u>

Investments:

Investments – Certificates of Deposit	<u>137,296</u>
Total Investments	<u>137,296</u>

Total Cash and Investments	<u>\$1,038,251</u>
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The Town has one (1) certificate of deposit with the Peoples United Bank in the amount of \$17,700, with an interest rate of 0.45% and maturity date of September 9, 2016. The Town also has a certificate of deposit with the Merchants Bank in the amount of \$119,596 with an interest rate of 0.25% and a maturity date of December 5, 2016.

Custodial Credit Risk

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

The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

TOWN OF BRISTOL, VERMONT
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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 563,022	\$ 735,121
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	466,770	466,770
Total	<u>\$1,029,792</u>	<u>\$1,201,891</u>

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

Deposits are comprised of the following:

Deposits with Financial Institutions	\$ 892,496	
Investments – Certificates of Deposit	137,296	
Total Deposits	<u>\$1,029,792</u>	

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town has no investments subject to credit risk. The Town’s credit risk policy is as follows:

AUTHORIZED INVESTMENTS AND INSTITUTIONS. Public deposits shall only be made in qualified public depositories as established by Vermont Law. All broker/dealers who desire to become qualified for investment transactions with the Town must supply the following as appropriate:

1. Access to audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
2. Proof of National Association of Securities Dealers (NASD) certification;
3. Proof of state registration.

The following investments will be permitted under this policy:

1. Certificates of deposit and other evidences of deposit at financial institutions; and
2. Investment grade obligations of state and local governments and public authorities with an AAA or Aaa rating by Moody’s or the S & P.

TOWN OF BRISTOL, VERMONT
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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, 2016, 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	\$ 78,984	\$ 0	\$ 78,984
Penalties and Interest	8,765	0	8,765
Accounts Receivable	1,126	0	1,126
Grants Receivable	10,989	145,000	155,989
Billed Services	3,621	24,932	28,553
Unbilled Services	0	38,496	38,496
Total	<u>\$ 103,485</u>	<u>\$ 208,428</u>	<u>\$ 311,913</u>

C. Loans Receivable

Loans Receivable at June 30, 2016 consists of a number of loans for community development as follows:

Notes Receivable, 9 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 0% to 5.0%, Maturity Dates Ranging from November 1, 2017 through September 1, 2023 All Secured by Business Assets. \$ 451,839

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

<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2016</u>
<u>\$404,480</u>	<u>\$ 120,000</u>	<u>\$72,641</u>	<u>\$451,839</u>

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

D. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 93,400	\$ 0	\$ 0	\$ 93,400
Construction in Progress	140,539	906,331	0	1,046,870
Total Capital Assets, Not Being Depreciated	<u>233,939</u>	<u>906,331</u>	<u>0</u>	<u>1,140,270</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,599,752	4,950	0	1,604,702
Furniture and Equipment	610,838	44,776	0	655,614
Vehicles	1,261,702	0	0	1,261,702
Infrastructure	2,367,595	271,033	0	2,638,628
Totals	<u>5,839,887</u>	<u>320,759</u>	<u>0</u>	<u>6,160,646</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	257,215	43,210	0	300,425
Furniture and Equipment	425,346	35,981	0	461,327
Vehicles	828,592	93,656	0	922,248
Infrastructure	244,113	64,521	0	308,634
Totals	<u>1,755,266</u>	<u>237,368</u>	<u>0</u>	<u>1,992,634</u>
Total Capital Assets, Being Depreciated	<u>4,084,621</u>	<u>83,391</u>	<u>0</u>	<u>4,168,012</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,318,560</u>	<u>\$ 989,722</u>	<u>\$ 0</u>	<u>\$ 5,308,282</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 15,255	\$ 31,980	\$ 0	\$ 47,235
Total Capital Assets, Not Being Depreciated	<u>15,255</u>	<u>31,980</u>	<u>0</u>	<u>47,235</u>
Capital Assets, Being Depreciated:				
Water and Sewer Systems	2,891,013	13,380	0	2,904,393
Roads	29,650	0	29,650	0
Equipment	52,931	0	33,537	19,394
Vehicles	34,364	0	0	34,364
Totals	<u>3,007,958</u>	<u>13,380</u>	<u>63,187</u>	<u>2,958,151</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,130,628	72,331	0	1,202,959
Roads	29,650	0	29,650	0
Equipment	38,084	1,528	27,037	12,575
Vehicles	34,364	0	0	34,364
Totals	<u>1,232,726</u>	<u>73,859</u>	<u>56,687</u>	<u>1,249,898</u>
Total Capital Assets, Being Depreciated	<u>1,775,232</u>	<u>(60,479)</u>	<u>6,500</u>	<u>1,708,253</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,790,487</u>	<u>\$ (28,499)</u>	<u>\$ 6,500</u>	<u>\$ 1,755,488</u>

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

Governmental Activities:

General Government	\$ 30,581
Public Works	148,062
Public Safety	50,869
Recreation	<u>7,856</u>
Total Governmental Activities	<u>\$237,368</u>

Business-Type Activities

Water	\$ 59,277
Sewer	<u>14,582</u>
Total Business-Type Activities	<u>\$ 73,859</u>

E. Interfund Balances and Activity

The Due To/From balances as of June 30, 2016 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 62,466	\$ 0
Police Fund	42,018	0
Capital Equipment Fund	0	8,844
Capital Building Fund	0	8,626
Capital Roads Fund	8,897	0
Other Governmental Funds	161,871	0
Water Fund	0	103,583
Sewer Fund	0	14,734
Landfill Fund	<u>0</u>	<u>139,465</u>
 Total	 <u>\$ 275,252</u>	 <u>\$ 275,252</u>

TOWN OF BRISTOL, VERMONT
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Interfund transfers during the year ended June 30, 2016 were as follows:

Transfer From	Amount	Transfer To	Amount	Purpose
General Fund	\$ 85,000	Capital Equipment Fund	\$ 85,000	Annual Funding for Highway Equipment
General Fund	20,000	Capital Equipment Fund	20,000	Annual Funding for Fire Equipment
General Fund	20,000	Capital Building Fund	20,000	Annual Funding
General Fund	100,000	Capital Roads Fund	100,000	Annual Funding for Paving
General Fund	35,000	Capital Roads Fund	35,000	Annual Funding for Road Construction
General Fund	10,000	Conservation Fund	10,000	Annual Funding
General Fund	5,000	Reappraisal Fund	5,000	Annual Funding
General Fund	10,000	Police Fund	10,000	Annual Funding
General Fund	26,545	Landfill Fund	26,545	Contribution to Closure Fund
Recreation Fund	456	General Fund	456	Close Fund
Lacrosse Fund	24	General Fund	24	Close Fund
BFD Fund	50	General Fund	50	Close Fund
Police Fund	11,000	Capital Equipment Fund	11,000	Annual Funding for Vehicle Replacement
Police Fund	2,000	Capital Equipment Fund	2,000	Annual Funding for Police Equipment
Landfill Fund	48,023	General Fund	48,023	Close Fund
Governmental Activities	<u>353,545</u>	Landfill Fund	<u>353,545</u>	* Transfer Post-Closure Liability to Governmental Activities
Total	<u>\$ 726,643</u>		<u>\$ 726,643</u>	

* As part of closing the fund, the Landfill Fund transferred the liability for future costs associated with monitoring the landfill.

F. Unearned Revenue

Unearned Revenue in the Water Fund consists of \$1,321 of water fees received in advance. This revenue will be earned as the water fees are billed.

G. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$8,255 from the difference between the expected and actual experience, \$52,009 from changes in assumptions, \$50,453 from the difference between the projected and actual investment earnings and \$48,573 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Governmental Activities is \$159,290.

H. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$8,550 of prepaid property taxes and \$11,087 resulting from changes in proportion and differences between employer contributions and proportionate share of contributions to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$19,637.

Deferred Inflows of Resources in the General Fund consists of \$45,585 of delinquent property taxes, penalties and interest on those taxes that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, as well as \$8,550 of prepaid property taxes. Total Deferred Inflows of Resources in the General Fund is \$54,135.

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Deferred Inflows of Resources in the Revolving Loan Fund consists of \$442,174 of loans receivable that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Inflows of Resources in the Revolving Loan Fund is \$442,174.

Deferred Inflows of Resources in the Other Governmental Funds consists of \$10,928 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 \$10,928.

I. Landfill Post-Closure Costs

The Town of Bristol, Vermont operated a municipal landfill. The Town closed the landfill on August 1, 2015 due to the decrease in tonnage, increased cost to close the landfill and the possible costs of implementing Act 148. The current estimate of the cost of post-closure monitoring is \$353,545.

The following is an estimate of post-closure costs:

Estimated post-closure costs per year	\$	11,640
Years to maintain		30
Estimated Post-Closure Costs	\$	349,200
Carryover Costs		4,345
Total Liability for costs of post-closure monitoring at June 30, 2016	\$	353,545

J. Long-term Liabilities

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

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

Line of Credit – The Town has taken out a line of credit in order to fund capital construction. It is the intent of the Town to pay the outstanding balance on the line of credit with future bond proceeds.

TOWN OF BRISTOL, VERMONT
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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 Post-closure Costs – The Town has estimated their liability for post-closure costs of the Town’s landfill based upon maintenance and monitoring functions required by State and Federal laws and regulations.

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

The following is a summary of changes in the bonds and notes payable for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Governmental Activities:</u>				
Note Payable, Peoples United Bank, 2011 Holley Hall Improvements, Interest at 1.95%, Matures April 27, 2015. The Town Plans to Renew this Note Annually and Reduce the Principal by \$10,000 per Year Over the Next Five (5) Years	\$ 60,000	\$ 0	\$ 10,000	\$ 50,000
Bond Payable, Vermont Municipal Bond Bank, 2007 Fire Engine Tanker, Annual Principal Payments of \$30,000 Due November 15 through 2018, Interest Rates Ranging From 2.72% to 4.01% Due Semi-Annually on May 15 and November 15	120,000	0	30,000	90,000
Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$30,000 Due December 1, 2011 through December 1, 2020, Then \$35,000 through December 1, 2030, Interest Rates Ranging from 1.033% To 3.426%, Due Semi-Annually On June 1 and December 1	530,000	0	30,000	500,000

TOWN OF BRISTOL, VERMONT
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	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Note Payable, National Bank of Middlebury, 2013 Howden Hall Lift, Annual Principal Payments of \$7,000 Beginning October 7, 2014, Interest at 2.95%, Matures October 7, 2018	\$ 28,000	\$ 0	\$ 7,000	\$ 21,000
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%	499,066	0	24,938	474,128
Line of Credit, Peoples United Bank, South Street Bridge, Authorized to \$150,000, \$42,952 Still Available, Interest at 1.6%, Due September 15, 2016. The Town will Refinance this Line of Credit with Bond Proceeds	<u>82,048</u>	<u>25,000</u>	<u>0</u>	<u>107,048</u>
Total Governmental Activities	<u>1,319,114</u>	<u>25,000</u>	<u>101,938</u>	<u>1,242,176</u>

Business-Type Activities:

Bond Payable, Vermont Municipal Bond Bank, 2010 Holley Hall/Waterline Improvements, Annual Principal Payments of \$10,000 Due December 1, 2011 through December 1, 2020, Interest Rates Ranging from 1.033% to 3.42% Due Semi-Annually on June 1 and December 1	60,000	0	10,000	50,000
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	92,905	0	8,833	84,072

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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	\$ 800,339	\$ 0	\$ 24,407	\$ 775,932
Note Payable, Peoples United Bank, Water Line Construction, Interest at 2.35%, Principal Payments of \$15,000 Plus Interest Due on September 30	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>0</u>
Total Business-Type Activities	<u>968,244</u>	<u>0</u>	<u>58,240</u>	<u>910,004</u>
Total Long-Term Debt	<u>\$2,287,358</u>	<u>\$25,000</u>	<u>\$ 160,178</u>	<u>\$2,152,180</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers*</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds	\$ 1,149,066	\$ 0	\$ 84,938	\$ 0	\$ 1,064,128	\$ 85,437
Note Payable	88,000	0	17,000	0	71,000	17,000
Line of Credit	82,048	25,000	0	0	107,048	0
Compensated Absences	45,216	7,731	0	0	52,947	0
Net Pension Liability	32,764	228,391	0	0	261,155	0
Landfill Estimated Post Closure Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>353,545</u>	<u>353,545</u>	<u>11,640</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,397,094</u>	<u>\$ 261,122</u>	<u>\$ 101,938</u>	<u>\$ 353,545</u>	<u>\$ 1,909,823</u>	<u>\$ 114,077</u>
Business-type Activities						
General Obligation Bonds	\$ 953,244	\$ 0	\$ 43,240	\$ 0	\$ 910,004	\$ 44,546
Note Payable	15,000	0	15,000	0	0	0
Compensated Absences	957	0	239	0	718	0
Landfill Estimated Closure and Post Closure Costs	<u>1,097,200</u>	<u>0</u>	<u>743,655</u>	<u>(353,545)</u>	<u>0</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 2,066,401</u>	<u>\$ 0</u>	<u>\$ 802,134</u>	<u>\$ (353,545)</u>	<u>\$ 910,722</u>	<u>\$ 44,546</u>

* The Landfill Fund transferred the liability for future costs associated with monitoring the landfill.

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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 102,437	\$ 18,879	\$ 44,546	\$ 34,503
2018	102,946	16,051	45,904	32,842
2019	103,465	13,991	47,315	31,121
2020	66,994	12,478	48,782	29,324
2021	67,534	11,758	50,306	27,454
2022-2026	321,152	43,378	200,782	111,919
2027-2031	336,365	14,990	201,727	73,780
2032-2036	34,235	0	244,606	30,117
2037-2041	N/A	N/A	26,036	528
Unknown	107,048	N/A	N/A	N/A
Total	\$ <u>1,242,176</u>	\$ <u>131,525</u>	\$ <u>910,004</u>	\$ <u>371,588</u>

K. Fund Balances

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

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

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

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

TOWN OF BRISTOL, VERMONT
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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	\$ 92,042
Nonspendable Police Fund Prepaid Expenses	<u>2,907</u>
Total Major Funds	<u>94,949</u>

Non-Major Funds

Nonspendable Martha Parker Fund by Bequest	<u>17,700</u>
Total	<u>\$112,649</u>

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

Major Funds

Restricted for Revolving Loan Fund by Grant Agreement	\$245,624
Restricted for Police Expenditures by Charter/ State Statute (Source of Revenue is Special Taxes)	<u>34,964</u>
Total Major Funds	<u>280,588</u>

Non-Major Funds

Restricted for Record Restoration Expenditures by Statute (Source of Revenue is Recording Fees)	23,513
Restricted for Recreation Department Expenditures by Donations and Grant Agreements (Source of Revenue is Donations and Grant Revenue)	125

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Restricted for Howden Hall Expenditures by Donations And Grant Agreements (Source of Revenue is Donations and Grant Revenue)	\$ 1,216
Restricted for Peveril Peake Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	4,507
Restricted for Conservation Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	32,072
Restricted for Prince Lane Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	10,539
Restricted for Bristol Flood Relief Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	8,902
Restricted for United Way of Addison County Expenditures By Grant Agreements (Source of Revenue is Grant Revenue)	13,516
Restricted for Holley Hall Expenditures by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	11,173
Restricted for Various Other Governmental Funds for Various Purposes by Grant Agreements and Donations (Source of Revenue is Grant Revenue and Donations)	<u>740</u>
Total Non-Major Funds	<u>106,303</u>
Total Restricted Fund Balances	<u>\$386,891</u>

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

Major Funds:

Committed for Fire Vehicle Expenditures by the Voters	\$ <u>57,594</u>
Total Committed Fund Balance	\$ <u>57,594</u>

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

Major Funds:

Capital Equipment Fund - Assigned for Capital Equipment Expenses	\$214,769
Capital Building Fund - Assigned for Capital Building Expenses	6,022
Capital Roads Fund - Assigned for Capital Road Expenses	<u>208,328</u>
Total Major Funds	<u>429,119</u>

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

Non-Major Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	\$207,500
Assigned for Lister Education Expenses (Source of Revenue is Grant Revenue)	<u>3,641</u>
Total Non-Major Funds	<u>211,141</u>
Total Assigned Fund Balances	<u>\$640,260</u>

The Other Governmental Funds unrestricted deficits of \$125, \$5,813, \$4,363, \$3,091 and \$1,900 in the Vermont Community Foundation Fund, the AmeriCorps Fund, the South Street Bridge Fund, the Police Department Equipment Fund, and the StoneyHill Planning Fund, respectively, will be funded with future grant revenue, bond proceeds, or transfers.

L. Net Position

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

Restricted for Revolving Loan Expenditures	\$687,798
Restricted for Police Expenditures	37,871
Restricted for Martha Parker Fund Expenditures	17,700
Restricted for Various Other Governmental Expenditures	<u>106,303</u>
Total Restricted Net Position	<u>\$849,672</u>

V. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2016, the retirement system consisted of 436 participating employers.

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

As of June 30, 2015, the measurement date selected by the State of Vermont, VMERS was funded at 87.42% and had a plan fiduciary net position of \$535,903,742 and a total pension liability of \$612,999,552 resulting in a net pension liability of \$77,095,810. As of June 30, 2016, the Town's proportionate share of this was .3387% resulting in a liability of \$261,155. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2015, the Town's proportion of .3387% was a decrease of 0.0203 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$68,349.

As of June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 8,255	\$ 0
Changes in assumptions	52,009	0
Difference between projected and actual investment earnings	50,453	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	11,087
Town's required employer contributions made subsequent to the measurement date	<u>48,573</u>	<u>0</u>
	<u>\$ 159,290</u>	<u>\$ 11,087</u>

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

The deferred outflows of resources resulting from the Town’s required employer contributions made subsequent to the measurement date in the amount of \$48,573 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2017	\$ 18,529
2018	18,529
2019	18,529
2020	<u>44,043</u>
Total	<u>\$99,630</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Death Benefit:

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

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

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

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

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

Member Contributions - Group C – 9.875% from July 1, 2015 to December 31, 2015 (changed from 9.75%) and then 10.0% effective January 1, 2016.

Employer Contributions - Group C – 7.125% from July 1, 2015 to December 31, 2015 (changed from 7%) and then 7.25% effective January 1, 2016.

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

Significant Actuarial Assumptions and Methods

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

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

Salary increases - 5% per year.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Deaths:

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

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

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

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

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

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

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

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

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

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

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

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.95%, a decrease from 8.23% in the prior year. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$276,014	\$261,155	\$(171,316)

Additional Information

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

B. RISK MANAGEMENT

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

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

TOWN OF BRISTOL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

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, 2016 were \$4,416.

C. PROPERTY TAXES

The Town bills and collects its own property taxes as well as education property taxes for the State. On August 30 of the current year, unpaid amounts become delinquent. The tax bills are due in two installments in November and April. On April 5 of the current year, the Town assesses an 8% penalty on all unpaid amounts. Interest is calculated at 1% for the first (3) months and 1.5% thereafter. The tax rate for fiscal year 2016 is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
Education	1.6419	1.6789
General	.1924	.1924
Highway	.2111	.2111
Recreation	.0602	.0602
Fire	.0200	.0200
Police	.3018	.3018
Special Articles	.1789	.1789
Local Agreement	<u>.0056</u>	<u>.0056</u>
 Total Tax Rate/per \$100 of Assessed Valuation	 <u>2.6119</u>	 <u>2.6489</u>

D. LEASES

The Town’s Police Department entered into an operating lease for office space in 2013. The lease is for ten (10) years. Lease expense for the fiscal year 2016 was \$34,275. Future minimum lease payments are as follows:

2017	\$ 37,219
2018	37,996
2019	37,996
2020	37,996
2021	37,996
2022-2023	<u>85,491</u>
 Total	 <u>\$274,694</u>

E. RELATED PARTY TRANSACTIONS

One Selectboard member is an owner/operator of a construction company which performed services for the Town during the year. The amount paid to his excavating company for the fiscal year ending June 30, 2016 was \$19,189.

TOWN OF BRISTOL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

F. SUBSEQUENT EVENTS

On July 5, 2016, the National Bank of Middlebury approved a municipal bond anticipation note in the amount of \$2,946,000 for financing the purchase of a new public safety building. Principal and interest at 1.54% is due and payable on September 1, 2016.

On August 1, 2016, the National Bank of Middlebury approved a Public Safety Improvement Bond in the amount of \$2,946,000 for financing the purchase of a new public safety building. Annual principal payments of \$98,200 and interest at 1.54% are due and payable beginning August 1, 2017.

TOWN OF BRISTOL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2016

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

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability was lowered from 8.23% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BRISTOL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2016

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

Notes to Schedule

Valuation Date: June 30, 2015

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

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, Vermont, as of and for the year ended June 30, 2016, 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 April 4, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Bristol, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we have noted certain other matters that we reported to the management of the Town of Bristol, Vermont in a separate letter dated April 4, 2017.

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.

April 4, 2017
Montpelier, Vermont
VT Lic. #92-000180

