

TOWN OF BRISTOL

Notes To The Financial Statements For the Fiscal Year Ended December, 2009

I. Summary of Significant Accounting Policies

The financial statements of the Town of Bristol have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The Town of Bristol, (which was established in 1789), is governed by its Charter, the Town local law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations, the Supervisor serves as chief executive officer and the Budget Officer serves as chief fiscal officer.

The following basic services are provided: preparation of an annual Budget, review of all billings and all revenues and preparation of a monthly financial report.

The financial reporting entity consists of (a) the primary government which is the town of Bristol, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town of Bristol reporting entity.

1. Included in the Reporting Entity

The following are activities undertaken jointly with the municipalities and are excluded from the financial statements.

Bristol's Joint use of Recycling Station personnel with the town of East Bloomfield.

WOLCDC – Western Ontario Local Community Development Corp. – Formed to maintain a positive, supportive environment for businesses to locate, develop and grow within the Towns of Bristol, West Bloomfield and the Village of Bloomfield.

Town of Richmond Recreation.

Canandaigua Lake Watershed.

Honeoye Lake Watershed.

B. Fund Accounting

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The town records its transactions in the fund types and account groups described below.

1. Fund Categories

Governmental Funds – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position. The following are the town’s governmental fund types.

(a) **General Fund** – the principal operating fund and includes all operations not required to be recorded in other funds.

(b) **Highway Fund – Town Wide** - is used to account for revenues and expenditures for highway purposes in accordance with Section 141 of the Highway Law.

(c) **Special Revenue Funds** - used to account for taxes or other revenues which are raised and received to provide special services to areas that encompass less than the whole Town including the following:

Fire District Fund

Water District Fund

(d) **Capital Projects Fund** – used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or acquisition of equipment, other than those financed by the enterprise, or internal service funds.

Fiduciary Funds - used to account for assets held by the local government in a trustee or custodial capacity.

(a) **Trust and Agency Funds** - Trust and Agency Funds are used for the purpose of accounting for money received and held in the capacity of trustee, custodian or agent for individuals, organizations or other governmental agencies.

2. Account Groups

Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not “funds”. They are concerned with measurement of financial position and not results of operations.

The General Fixed Assets Account Group – used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes.

The General Long-Term Debt Account Group – used to account for all long-term debt.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities 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. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Modified Accrual Basis – All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within one year length of time.

Material revenues include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- a. Principal and interest on indebtedness are not recognized as an expenditure until due.

- b. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as an expenditure when paid.
- c. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.

Account Groups – General fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is required or made. General long-term debt liabilities are recorded at the par value of the principal amount: No liability is recorded for interest payable to maturity.

D. Property Taxes

Real Property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 through March 31. Taxes for county purposes are levied together with taxes for town and for special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The county assumes enforcement responsibility for all taxes levied in the towns.

E. Budgetary Data

1. General Budget Policies

- a. No later than September 30th, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing them.
- a. After public hearings are conducted to obtain taxpayer comments, but no later than November 20th, the Town Board adopts the Town budget.
- b. All modifications of the budget must be approved by the governing board. However, the Supervisor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general and special revenue funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances, if any, carried forward from the prior year.

4. Significant Revenues, Expenditures or Expenses

The County of Ontario distributes a portion of the sales tax imposed on the area of the County outside the cities of Canandaigua and Geneva to the Towns in the County. The Town of Bristol has elected to receive the full amount of its distribution in cash.

F. Investments

Investments are stated at cost, which approximates market. The town of Bristol has historically invested in certificates of deposit, money market account and Municipal Choice Savings account.

G. Inventory

Inventory purchases in all funds are recorded as expenditures at the time of purchase. Year end balances were not maintained in the General Fund.

H. Property, Plant and Equipment - General

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical costs for assets purchased prior to 1960) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain infrastructure type improvements other than buildings, including roads, drainage and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the Town. Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest on general fixed assets construction in progress been capitalized.

I. Insurance

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

J. Compensatory Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year, but may accumulate no more than a maximum of 5 days. Upon separation from service, employees are paid up to 30 days.

Employees accrue sick leave at a maximum rate of 12 days per year and may accumulate such credits up to a total of 160 days. Employees who terminate their employment are paid up to 160 days, at one-half their final pay rate.

K. Union

The Town of Bristol has a collective bargaining agreement with the Town of Bristol Highway Department Association, affiliated with Local 1170 Communications Workers of America. This agreement is dated January 1, 2010 and concludes December 31, 2012. The Town withholds the Union Dues as set forth in the agreement. The negotiations will start in August of 2012 for a new collective bargaining agreement.

L. Interfund Transfers

The operations of the Town gives rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets.

M. Fund Equity

Reserves and Designation – Portions of fund equity are segregated for future use, and are, therefore, not available for appropriation or expenditure. Designation of unreserved fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

II. Detail Notes on All Funds and Account Groups

A. Assets

1. Cash and Investments

The Town investment policies are governed by state statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The town Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit in excess of 100% for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of its municipalities and school districts.

B. Liabilities

1. Pension Plans

General Information

The Town of Bristol participates in the New York State and Local Employee's Retirement system. This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System offers wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service.

The NYSRSSL provides that all participants in the system are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employees. Generally, all employees, except certain part-time employees, participate in the system.

Employee Groups Covered

Nearly all Town of Bristol employees are eligible for membership in the system. All employees employed in a full-time position who commenced employment after June 30, 1976 are mandatory members.

Since 1989 and subsequent years, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to begin making payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Town of Bristol elected to make the full payment on December 15, 2009.

The system is noncontributory except for employees who joined the New York State and Local Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employers' contributions. The required contributions for the current year and two proceeding years were:

2009	\$21155
2008	\$42972
2007	\$40133

Contributions made to the System were equal to 100% of the contributions required for each year.

2. Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects funds. The notes or renewal thereof do not extend more than one year beyond the original date of issue unless a portion is redeemed with one year and within each 12-month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

BAN - 2008 Freightliner 10 Wheel Truck

Interest Rate	2.38%
Principal Pmt.:	35,600.00
Interest Pmt.:	4,948.40
Remaining Balance	142,400.00
Maturity Date:	10/15/2010

3. Long-Term Debt

The Town of Bristol remained debt free during the 2002 – 2006 budgetary years, during that period all Capital Projects had been financed through annually approved budgets.

By Bond Resolution dated April 23, 2007, The Bristol Town Board authorized the Town of Bristol to finance Joint Water Project Improvements for the Town of Bristol Water District No 1 and the Canandaigua-Bristol Water District.

The financing of the Joint Water Project was provided by a \$1,200,000 State Grant along with a \$970,000 Public Improvement Serial Bond issued June 15, 2007.

The Town of Canandaigua is administering the Joint Water Improvement Project and the resulting debt. The Town of Canandaigua shall, pursuant to an intermunicipal cooperation agreement dated November 21, 2006 with the Town of Bristol continue to administer the \$970,000 Serial Bond. The Bond shall be payable from a levy on real property in such district by the benefit levy.

The operation and maintenance of the Bristol Water District No 1 will be paid by ad valorem tax.

For the taxable year 2010 the Bristol Town Board had stipulated;

- a. An amount of \$555.59 to be levied against 10 taxable parcels and an amount of \$555.58 to be levied against 56 taxable parcels, and \$185.20 to be levied against 22 undeveloped parcels within said District, totaling \$40,742.78.
- b. The amount of \$5,499.95 to be levied against the total taxable assessed valuation of all property within the said District.

The total Debt due for the Town of Bristol Water District No 1 and the Canandaigua-Bristol Water District is as follows:

PAYABLE TO:	CEDE & CO
PURPOSE:	Joint Water Improvement Project
AMOUNT OF ISSUE:	\$970,000.00
DATE OF ISSUE:	June, 2007
PRINCIPAL DUE <u>2010</u>	\$10,000.00
BALANCE REMAINING 12/31/09	\$955,000.00
RATE OF INTEREST	4.750%
TYPE OF LOAN	SB
MATURITY DATE	12/15/2042
OBLIGATION	35 YEARS
INTEREST DUE <u>2010</u>	\$23,612.50 Payable 6/15/10
	\$23,612.50 Payable 12/15/10
TOTAL AMOUNT DUE 2010	\$47,225.00

The Town of Bristol's 2010 Share of the \$970,000.00 Serial Bond Debt payment is:

PAYABLE TO THE TOWN OF CANANDAIGUA FEBRUARY, 2010	
SW1-9797.6 DEBT PRINCIPAL OTHER GOVERNMENT DUE 2010	\$7120.00
SW1-9797.7 DEBT INTEREST OTHER GOVERNMENT DUE 2010	\$33622.78
TOWN OF BRISTOL TOTAL AMOUNT DUE 2010	\$40742.78

C. Fund Equity

1. Allocation of Fund Balance

General Fund - \$169,880.00 of the general fund balance will be used towards the 2010 budget.

Highway Fund - \$128,390.00 of the highway fund balance will be used towards the 2010 budget.

2. Reserves

The operating fund equity includes capital reserve funds established for the following purpose:

<u>Fund</u>	<u>Purpose</u>	<u>Balance End of Year</u>
General Fund	Building	\$ 89,681.22
General Fund	Mud Creek	\$ 6,291.55
General Fund	Parks	\$ 290.18
Highway Fund	Highway Equip.	\$ 4,441.28
Highway Fund	Compensated Absences	\$ 6,026.70

D. Deferred Compensation Plan

In October 1997 the governmental Accounting Standards Board issued Statement No. 32 Accounting and financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments.

A Trust Agreement was made on January 19, 1998 adopting the Town of Bristol's Model Plan requiring the appointment of the Town of Bristol Deferred Compensation Committee. The committee to be charged with the responsibility of holding in trust assets for the exclusive benefit of plan participants and their beneficiaries.

To realize benefits, the Deferred Compensation Committee had engaged PEBSCO of New York (currently know as Nationwide Retirement Solutions), as the Administrative Service Agency.

Effective December 2009, the market value of the planned assets totaled \$126,946.51. All assets of the Model Plan are expended on a bi-weekly basis from a Trust and Agency payroll account and immediately allocated among the investment options available under a group annuity contract issued by the Nationwide Life Insurance Company. The Town does not make contributions to the plan. The plan assets are held for the benefit of participating employees and are not subject to claims by creditors of the Town. Therefore, the plan is not included in the Town's financial statements.

End of Notes-