

**TOWN OF BRISTOL,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019**

TOWN OF BRISTOL, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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DECEMBER 31, 2019

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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Bristol
Bristol, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Town of Bristol as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town'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. 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Town of Bristol, as of December 31, 2019, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in fiscal year 2019 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Town of Bristol
Independent Auditor's Report

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bristol's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

November 30, 2020

Plodzik & Sanderson
Professional Association

Town of Bristol, New Hampshire Management's Discussion and Analysis

As management of the Town of Bristol, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Bristol for the year ended December 31, 2019.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include four components:

1. Government-wide financial statements,
2. Fund financial statements,
3. Notes to the basic financial statements, and
4. Required supplementary information.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner like most private-sector business.

The Statement of Net Position presents information on all the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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 Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to change 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation and economic development. The business-type activities include water and wastewater activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Town of Bristol, New Hampshire Management's Discussion and Analysis

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

An annual appropriated budget is adopted for the general, water and sewer funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Budgetary comparison statements are not provided for the water and sewer funds as they are considered proprietary funds.

Proprietary Funds: Proprietary fund reporting focuses on the determination of comparison operating income, changes in net position (or cost recovery), financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and wastewater operations, which are major funds.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Town of Bristol, New Hampshire Management's Discussion and Analysis

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

As of the close of the current year, the total assets and deferred outflows exceeded liabilities and deferred inflows by \$8,720,262 (i.e., net position), a change of (\$286,304) in comparison to the prior year.

As of the close of the current year, governmental funds reported ending fund balances of \$1,868,539, a change of (\$1,147,193) in comparison to the prior year.

At the end of the current year, unassigned fund balance for the general fund was \$777,784, a change of (\$547,454) in comparison of the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position of the Town of Bristol as of December 31, 2019 are as follows:

	<u>GOVERNMENTAL ACTIVITIES</u>			
	2019	2018 (as restated)	Change	% Change
Current and other assets	\$ 2,846,584	\$ 5,949,407	\$ (3,102,823)	-52.15%
Capital assets, net of depreciation	8,440,088	7,818,256	622,432	7.96%
Total assets	11,287,272	13,767,663	(2,480,391)	-18.02%
Deferred outflows of resources	549,466	791,715	(242,249)	-30.60%
Long-term liabilities outstanding	5,904,912	6,390,305	(485,393)	-7.60%
Other liabilities	892,373	2,805,451	(1,913,078)	-68.19%
Total Liabilities	6,797,285	9,195,756	(2,398,471)	-26.08%
Deferred inflows of resources	379,545	227,605	151,940	66.76%
Net investment in capital assets	7,063,863	5,835,297	1,228,566	21.05%
Restricted net position	238,161	541,489	(303,328)	-56.02%
Unrestricted net position	(2,642,116)	(1,240,769)	(1,401,347)	112.94%
Total net position	\$ 4,659,908	\$5,136,017	\$(476,109)	-9.27%

Town of Bristol, New Hampshire Management's Discussion and Analysis

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$2,150,732	\$ 3,778,375	\$ (1,627,643)	-43.08%
Capital assets, net of depreciation	3,619,593	1,910,430	1,709,163	89.46%
Total assets	<u>5,770,325</u>	<u>5,688,805</u>	<u>81,520</u>	<u>1.43%</u>
Deferred outflows of resources	<u>53,019</u>	<u>74,578</u>	<u>(21,559)</u>	<u>-28.91%</u>
Long-term liabilities outstanding	1,706,891	1,850,655	(143,764)	-7.77%
Other liabilities	<u>20,047</u>	<u>20,738</u>	<u>(691)</u>	<u>-3.33%</u>
Total Liabilities	<u>1,726,938</u>	<u>1,871,393</u>	<u>(144,455)</u>	<u>-7.72%</u>
Deferred inflows of resources	<u>36,052</u>	<u>21,441</u>	<u>14,611</u>	<u>68.15%</u>
Net investment in capital assets	2,354,845	2,175,025	179,820	8.27%
Unrestricted net position	<u>1,705,509</u>	<u>1,695,524</u>	<u>9,985</u>	<u>0.59%</u>
Total net position	<u>\$4,060,354</u>	<u>\$ 3,870,549</u>	<u>\$ 189,805</u>	<u>4.90%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the close of the most recent year, total net position was \$8,720,262, a change of (\$286,304) from the prior year.

The largest portion of net position, \$9,418,708 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Bristol, New Hampshire Management's Discussion and Analysis

An additional portion of net position \$238,161, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$936,307) may be used to meet governments ongoing obligations to citizens and creditors:

	<u>GOVERNMENTAL ACTIVITIES</u>			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$ 1,481,431	\$ 1,502,719	\$ (21,288)	-1.42%
Public safety	2,490,234	2,355,173	135,061	5.73%
Highways and streets	1,222,947	780,565	442,382	56.67%
Sanitation	297,409	295,972	1,437	0.49%
Health	113,045	92,984	20,061	21.57%
Welfare	24,554	31,630	(7,076)	-22.37%
Culture and recreation	414,939	376,048	38,891	10.34%
Conservation	9,125	1,610	7,515	466.77%
Economic development	35,460	2,900	32,560	1122.76%
Interest on short-term debt	45,282	23,182	22,100	95.33%
Transfers	34,700	-	34,700	100.00%
Total expenditures	<u>6,169,126</u>	<u>5,462,783</u>	<u>766,343</u>	<u>12.93%</u>
Program revenues:				
Charges for services	671,491	812,792	(141,301)	-17.38%
Operating grants and contributions	133,038	19,037	114,001	598.84%
Capital grants and contributions	42,875	16,325	26,550	162.63%
General revenues:				
Property taxes and other taxes	3,605,220	3,697,658	(92,438)	-2.50%
Motor vehicle permit fees	691,119	641,409	49,710	7.75%
Licenses and other fees	201,580	-	201,580	100.00%
Grants and contributions not related to a specific program	222,172	273,166	(50,994)	-18.67%
Unrestricted investment earnings	40,170	16,567	23,603	142.47%
Miscellaneous	85,352	256,554	(171,202)	-66.73%
Transfers	-	18,999	(18,999)	-100.00%
Total revenues	<u>5,693,017</u>	<u>5,752,507</u>	<u>\$ (40,491)</u>	<u>-0.70%</u>
Beginning net position, as restated	5,136,017	4,846,293		
Ending net position	<u>4,659,908</u>	<u>5,136,017</u>		
Change in net position	<u>\$ (476,109)</u>	<u>\$ 289,724</u>		

Town of Bristol, New Hampshire Management's Discussion and Analysis

BUSINESS-TYPE ACTIVITIES

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
Sanitation	\$ 479,185	\$ 553,925	\$ (74,740)	-13.49%
Water	461,268	508,442	(47,174)	-9.28%
Transfers	-	18,999	(18,999)	100.00%
Total expenditures	<u>940,453</u>	<u>1,081,366</u>	<u>(140,913)</u>	<u>-13.03%</u>
Program revenues:				
Charges for services	1,040,075	1,030,487	9,588	0.93%
Operating grants and contributions	40,457	10,502	29,955	285.23%
Capital grants and contributions	-	35,004	(35,004)	100.00%
General revenues:				
Unrestricted investment earnings	15,026	16,871	(1,845)	-10.94%
Miscellaneous	-	5,948	(5,948)	100.00%
Transfers	<u>34,700</u>	<u>-</u>	<u>34,700</u>	<u>100.00%</u>
Total revenues	<u>1,130,258</u>	<u>1,098,812</u>	<u>\$ (3,254)</u>	<u>-0.30%</u>
Beginning net position, as restated	3,870,549	3,853,103		
Ending net position	<u>4,060,354</u>	<u>3,870,549</u>		
Change in net position	<u>\$ 189,805</u>	<u>\$ 17,446</u>		

The largest portion of the Town's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure, less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town of Bristol, those restrictions include those related to permanent trust funds, library and other police and public safety grant funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget was increased by \$296,738 for withdrawals as agents to expend from Capital Reserves/Expendable Trusts. Purchase of Highway dump truck, backhoe loader and bucket truck as well as a Police Cruiser. Accrue wages paid out to employees that left employment along with Bicentennial cost for the Town's 250th anniversary. Numerous other items of expenses from the Building Maintenance Fund.

Town of Bristol, New Hampshire Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Total investment in capital asset to be an asset for governmental and business-type activities at year end amounted to \$12,060,251 (net of accumulated depreciation) a change of \$463,620 from prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Additional information on capitals assets can be found in the Notes to the Financial Statements.

Long Term debt

At the end of the current year, total long-term Governmental activities debt outstanding was \$1,133,367, and Business-type activities long term debt outstanding was \$1,264,748. All of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the Notes to the Financial Statements

GOVERNMENTAL ACTIVITIES

	2019	2018 (as restated)	Change	% Change
At cost:				
Not being depreciated:				
Land	\$ 780,101	\$ 780,101	\$ -	0.00%
Construction in progress	196,626	595,121	(398,495)	66.96%
Total capital assets not being depreciated	<u>976,727</u>	<u>1,375,222</u>	<u>(398,495)</u>	<u>28.98%</u>
Being depreciated:				
Buildings and building improvements	2,862,608	1,962,971	899,637	45.83%
Vehicles	3,739,438	3,572,690	167,248	4.68%
Machinery and equipment	174,087	174,087	-	0.00%
Infrastructure	7,258,719	7,172,350	86,369	1.20%
Total capital assets being depreciated	<u>14,035,352</u>	<u>12,882,098</u>	<u>1,153,254</u>	<u>8.95%</u>
Total all capital assets	<u>15,012,079</u>	<u>14,257,320</u>	<u>754,759</u>	<u>5.29%</u>
Less accumulated depreciation:				
Buildings and building improvements	(528,258)	(461,817)	(66,441)	14.39%
Vehicles	(1,918,254)	(2,010,337)	94,008	-4.58%
Machinery and equipment	(84,097)	(74,909)	(9,188)	12.27%
Infrastructure	(4,040,782)	(3,892,001)	(148,781)	3.82%
Total accumulated depreciation	<u>(6,571,391)</u>	<u>(6,439,064)</u>	<u>(132,327)</u>	<u>2.06%</u>
Net book value, capital assets being depreciated	<u>7,463,961</u>	<u>6,443,634</u>	<u>1,020,927</u>	<u>15.85%</u>
Net book value, all capital assets	<u>\$ 8,440,688</u>	<u>\$ 7,818,256</u>	<u>\$ 622,432</u>	<u>7.96%</u>

Town of Bristol, New Hampshire

Management's Discussion and Analysis

BUSINESS-TYPE ACTIVITIES

	2019	2018	Change	% Change
At cost:				
Not being depreciated:				
Land	\$ 9,894	\$ 9,894	\$ -	0.00%
Construction in progress	78,181	50,800	27,381	53.90%
Total capital assets not being depreciated	88,075	60,694	27,381	45.11%
Being depreciated:				
Buildings and building improvements	2,841,560	2,841,560	-	0.00%
Machinery and equipment	2,024,141	2,024,141	-	0.00%
Infrastructure	5,437,111	5,437,111	-	0.00%
Total capital assets being depreciated	10,302,812	10,302,812	-	0.00%
Total all capital assets	10,390,887	10,363,506	27,381	0.26%
Less accumulated depreciation:				
Buildings and building improvements	(2,050,663)	(2,028,017)	(22,646)	1.12%
Machinery and equipment	(1,827,117)	(1,767,447)	(59,670)	3.38%
Infrastructure	(2,893,544)	(2,789,667)	(103,877)	3.72%
Total accumulated depreciation	(6,771,324)	(6,585,131)	(186,193)	2.83%
Net book value, capital assets being depreciated	3,531,488	3,717,681	(186,193)	-5.01%
Net book value, all capital assets	\$ 3,619,563	\$ 3,778,375	\$(158,812)	-4.20%

GOVERNMENTAL ACTIVITIES

	2019	2018	Change	% Change
Bonds/notes payable	\$ 1,133,367	\$ 1,250,310	\$ (116,943)	-9.35%
Capital Leases	243,458	324,822	(81,364)	-25.05%
Compensated absences	227,768	172,111	55,657	32.34%
Abatement settlement liability	134,762	-	134,762	100.00%
Net pension liability	3,720,875	3,996,491	(275,616)	-6.90%
Net other postemployment benefits	444,682	646,571	(201,889)	-31.22%
Total	\$ 5,904,912	\$ 6,390,305	\$ (485,393)	-7.60%

BUSINESS-TYPE ACTIVITIES

	2019	2018	Change	% Change
Bonds/notes payable	\$1,264,748	\$1,378,685	\$(113,937)	-8.26%
Compensated absences	38,176	34,602	3,574	10.33%
Net pension liability	359,032	376,461	(17,429)	-4.63%
Net other postemployment benefits	44,935	60,907	(15,972)	-26.22%
Total	\$ 1,706,891	\$ 1,850,655	\$(143,764)	-7.77%

Town of Bristol, New Hampshire Management's Discussion and Analysis

ECONOMIC FACTORS

The Town of Bristol continues to review and update our capital investment plan (CIP) to accommodate and anticipate the needs of the community and its continued operation based on continued growth. We are continuing to experience minimal residential growth and commercial property development.

On March 11, 2020, the World Health Organization declared, the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor issued an order declaring a state of emergency on March 13, 2020. It is anticipated that the impact of the pandemic will continue for some time. As a result, economic uncertainties have arisen which could have a financial impact on the Town though such potential impact is unknown at this time.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Bristol citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Bristol, New Hampshire, 5 School Street, Bristol, New Hampshire 03222.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF BRISTOL, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,113,659	\$ 2,146,325	\$ 3,259,984
Investments	126,634	-	126,634
Taxes receivables (net)	1,015,820	-	1,015,820
Account receivables (net)	246,952	235,066	482,018
Intergovernmental receivable	22,960	35,430	58,390
Internal balances	291,713	(291,713)	-
Inventory	-	25,624	25,624
Prepaid items	6,359	-	6,359
Tax deeded property, subject to resale	22,487	-	22,487
Capital assets:			
Land and construction in progress	976,727	88,075	1,064,802
Other capital assets, net of depreciation	7,463,961	3,531,518	10,995,479
Total assets	<u>11,287,272</u>	<u>5,770,325</u>	<u>17,057,597</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	528,162	50,963	579,125
Amounts related to other postemployment benefits	21,304	2,056	23,360
Total deferred outflows of resources	<u>549,466</u>	<u>53,019</u>	<u>602,485</u>
LIABILITIES			
Accounts payable	61,693	-	61,693
Accrued salaries and benefits	41,033	-	41,033
Accrued interest payable	29,320	20,047	49,367
Intergovernmental payable	9,303	-	9,303
Tax anticipation note payable	751,024	-	751,024
Long-term liabilities:			
Due within one year	307,886	119,729	427,615
Due in more than one year	5,597,026	1,587,162	7,184,188
Total liabilities	<u>6,797,285</u>	<u>1,726,938</u>	<u>8,524,223</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	5,925	-	5,925
Amounts related to pensions	368,807	35,587	404,394
Amounts related to other postemployment benefits	4,813	465	5,278
Total deferred inflows of resources	<u>379,545</u>	<u>36,052</u>	<u>415,597</u>
NET POSITION			
Net investment in capital assets	7,063,863	2,354,845	9,418,708
Restricted	238,161	-	238,161
Unrestricted	(2,642,116)	1,705,509	(936,607)
Total net position	<u>\$ 4,659,908</u>	<u>\$ 4,060,354</u>	<u>\$ 8,720,262</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
TOWN OF BRISTOL, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2019

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,481,431	\$ 5,892	\$ -	\$ 36,875	\$ (1,438,664)	\$ -	\$ (1,438,664)
Public safety	2,490,234	577,398	29,301	6,000	(1,877,535)	-	(1,877,535)
Highways and streets	1,222,947	9,005	97,198	-	(1,116,744)	-	(1,116,744)
Sanitation	297,409	78,861	-	-	(218,548)	-	(218,548)
Health	113,045	-	-	-	(113,045)	-	(113,045)
Welfare	24,554	-	-	-	(24,554)	-	(24,554)
Culture and recreation	414,939	335	6,497	-	(408,107)	-	(408,107)
Conservation	9,125	-	42	-	(9,083)	-	(9,083)
Economic development	35,460	-	-	-	(35,460)	-	(35,460)
Interest on long-term debt	45,282	-	-	-	(45,282)	-	(45,282)
Total governmental activities	6,134,426	671,491	133,038	42,875	(5,287,022)	-	(5,287,022)
Business-type activities:							
Water	461,268	505,424	-	-	-	44,156	44,156
Sewer	479,185	534,651	40,457	-	-	95,923	95,923
Total business-type activities	940,453	1,040,075	40,457	-	-	140,079	140,079
Total	\$ 7,074,879	\$ 1,711,566	\$ 173,495	\$ 42,875	(5,287,022)	140,079	(5,146,943)
General revenues:							
Taxes:							
Property					3,499,419	-	3,499,419
Other					105,801	-	105,801
Motor vehicle permit fees					691,119	-	691,119
Licenses and other fees					201,580	-	201,580
Grants and contributions not restricted to specific programs					222,172	-	222,172
Unrestricted investment earnings					40,170	15,026	55,196
Miscellaneous					85,352	-	85,352
Total general revenues					4,845,613	15,026	4,860,639
Transfers					(34,700)	34,700	-
Total general revenues, contributions, and transfers					4,810,913	49,726	4,860,639
Change in net position					(476,109)	189,805	(286,304)
Net position, beginning, as restated (see Note 20)					5,136,017	3,870,549	9,006,566
Net position, ending					\$ 4,659,908	\$ 4,060,354	\$ 8,720,262

EXHIBIT C-1
TOWN OF BRISTOL, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2019

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 879,756	\$ 233,903	\$ 1,113,659
Investments	-	126,634	126,634
Taxes receivable	1,115,820	-	1,115,820
Accounts receivable (net)	227,477	19,475	246,952
Intergovernmental receivable	-	22,960	22,960
Interfund receivable	458,343	-	458,343
Prepaid items	6,359	-	6,359
Tax deeded property, subject to resale	22,487	-	22,487
Total assets	<u>\$ 2,710,242</u>	<u>\$ 402,972</u>	<u>\$ 3,113,214</u>
LIABILITIES			
Accounts payable	\$ 61,693	\$ -	\$ 61,693
Accrued salaries and benefits	41,033	-	41,033
Intergovernmental payable	9,303	-	9,303
Interfund payable	-	166,630	166,630
Tax anticipation note payable	751,024	-	751,024
Total liabilities	<u>863,053</u>	<u>166,630</u>	<u>1,029,683</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	<u>214,992</u>	<u>-</u>	<u>214,992</u>
FUND BALANCES (DEFICIT)			
Nonspendable	28,846	51,420	80,266
Restricted	-	186,741	186,741
Committed	581,184	101,087	682,271
Assigned	244,383	6,568	250,951
Unassigned (deficit)	777,784	(109,474)	668,310
Total fund balances	<u>1,632,197</u>	<u>236,342</u>	<u>1,868,539</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,710,242</u>	<u>\$ 402,972</u>	<u>\$ 3,113,214</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
TOWN OF BRISTOL, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,868,539
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 15,012,079	
Less accumulated depreciation	<u>(6,571,391)</u>	
		8,440,688
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 528,162	
Deferred inflows of resources related to pensions	(368,807)	
Deferred outflows of resources related to OPEB	21,304	
Deferred inflows of resources related to OPEB	<u>(4,813)</u>	
		175,846
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (166,630)	
Payables	<u>166,630</u>	
		-
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		209,067
Allowance for uncollectible property taxes that is recognized on the full accrual basis, but not on the modified accrual.		(100,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(29,320)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 1,133,367	
Capital leases	243,458	
Compensated absences	227,768	
Abatement settlement liability	134,762	
Net pension liability	3,720,875	
Other postemployment benefits	<u>444,682</u>	
		(5,904,912)
Net position of governmental activities (Exhibit A)		<u>\$ 4,659,908</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
TOWN OF BRISTOL, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,767,523	\$ -	\$ 3,767,523
Licenses and permits	892,699	-	892,699
Intergovernmental	348,734	49,351	398,085
Charges for services	538,999	132,492	671,491
Miscellaneous	91,225	34,297	125,522
Total revenues	<u>5,639,180</u>	<u>216,140</u>	<u>5,855,320</u>
EXPENDITURES			
Current:			
General government	1,567,277	-	1,567,277
Public safety	2,005,081	261,624	2,266,705
Highways and streets	946,667	-	946,667
Sanitation	290,009	6,652	296,661
Health	112,581	-	112,581
Welfare	24,554	-	24,554
Culture and recreation	381,146	11,100	392,246
Conservation	9,125	-	9,125
Economic development	35,460	-	35,460
Debt service:			
Principal	197,331	-	197,331
Interest	25,322	-	25,322
Capital outlay	979,254	114,630	1,093,884
Total expenditures	<u>6,573,807</u>	<u>394,006</u>	<u>6,967,813</u>
Deficiency of revenues under expenditures	<u>(934,627)</u>	<u>(177,866)</u>	<u>(1,112,493)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	30,293	45,293
Transfers out	(64,993)	(15,000)	(79,993)
Total other financing sources (uses)	<u>(49,993)</u>	<u>15,293</u>	<u>(34,700)</u>
Net change in fund balances	(984,620)	(162,573)	(1,147,193)
Fund balances, beginning, as restated (see Note 20)	2,616,817	398,915	3,015,732
Fund balances, ending	<u>\$ 1,632,197</u>	<u>\$ 236,342</u>	<u>\$ 1,868,539</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
TOWN OF BRISTOL, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of governmental funds (Exhibit C-3)		\$(1,147,193)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 1,066,306	
Depreciation expense	<u>(443,874)</u>	622,432
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (45,293)	
Transfers out	<u>45,293</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows of resources for tax revenue	\$ 20,361	
Change in allowance for uncollectible property taxes	<u>(47,902)</u>	(27,541)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of bond/note principal	\$ 116,943	
Repayment of capital leases	<u>81,364</u>	198,307
Long-term abatement settlement agreements are reported as long-term liabilities in the Statement of Net Position. Repayment of the abatement settlement liability is a revenue reduction in the governmental funds, but the repayment reduces the abatement settlement liability in the Statement of Net Position.		
Total abatement settlement agreement	\$ (161,715)	
Repayment of abatement settlement	<u>26,953</u>	(134,762)
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.		
Increase in accrued interest expense	\$ (20,936)	
Increase in compensated absences payable	(55,657)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(72,630)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>161,871</u>	12,648
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (476,109)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D
TOWN OF BRISTOL, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,821,419	\$ 3,821,419	\$ 3,739,982	\$ (81,437)
Licenses and permits	788,441	788,441	892,699	104,258
Intergovernmental	513,024	513,024	348,734	(164,290)
Charges for services	577,845	577,845	538,999	(38,846)
Miscellaneous	58,000	58,000	81,174	23,174
Total revenues	<u>5,758,729</u>	<u>5,758,729</u>	<u>5,601,588</u>	<u>(157,141)</u>
EXPENDITURES				
Current:				
General government	1,496,173	1,504,808	1,570,812	(66,004)
Public safety	2,038,802	2,030,167	2,002,838	27,329
Highways and streets	876,572	876,572	880,301	(3,729)
Sanitation	373,602	373,602	290,009	83,593
Health	112,936	112,936	112,581	355
Welfare	35,084	35,084	24,554	10,530
Culture and recreation	391,567	391,567	378,146	13,421
Conservation	11,451	11,451	9,125	2,326
Economic development	35,010	35,010	35,460	(450)
Debt service:				
Principal	216,142	201,142	197,331	3,811
Interest	39,769	20,069	25,322	(5,253)
Capital outlay	26,721	323,099	381,082	(57,983)
Total expenditures	<u>5,653,829</u>	<u>5,915,507</u>	<u>5,907,561</u>	<u>7,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>104,900</u>	<u>(156,778)</u>	<u>(305,973)</u>	<u>(149,195)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	311,378	318,831	7,453
Transfers out	(505,000)	(539,700)	(539,700)	-
Total other financing sources (uses)	<u>(490,000)</u>	<u>(228,322)</u>	<u>(220,869)</u>	<u>7,453</u>
Net change in fund balances	<u>\$ (385,100)</u>	<u>\$ (385,100)</u>	<u>(526,842)</u>	<u>\$ (141,742)</u>
Increase in nonspendable fund balance			(20,612)	
Unassigned fund balance, beginning, as restated (see Note 20)			1,434,305	
Unassigned fund balance, ending			<u>\$ 886,851</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-1
TOWN OF BRISTOL, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
December 31, 2019

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,257,580	\$ 888,745	\$ 2,146,325
Receivables, net of allowance for uncollectible:			
Accounts receivable	106,789	128,277	235,066
Intergovernmental receivable	-	1,800	1,800
Inventory	24,538	1,086	25,624
Noncurrent assets:			
Intergovernmental receivable	-	33,630	33,630
Capital assets:			
Land and construction in progress	9,894	78,181	88,075
Other capital assets, net of depreciation	1,426,907	2,104,611	3,531,518
Total assets	<u>2,825,708</u>	<u>3,236,330</u>	<u>6,062,038</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	28,377	22,586	50,963
Amounts related to other postemployment benefits	1,145	911	2,056
Total deferred outflows of resources	<u>29,522</u>	<u>23,497</u>	<u>53,019</u>
LIABILITIES			
Current liabilities:			
Accrued interest payable	9,056	10,991	20,047
Internal balances	60,743	230,970	291,713
Long term liabilities:			
Due within one year	49,093	70,636	119,729
Due in more than one year	754,686	832,476	1,587,162
Total liabilities	<u>873,578</u>	<u>1,145,073</u>	<u>2,018,651</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts related to pensions	19,815	15,772	35,587
Amounts related to other postemployment benefits	259	206	465
Total deferred inflows of resources	<u>20,074</u>	<u>15,978</u>	<u>36,052</u>
NET POSITION			
Net investment in capital assets	876,871	1,477,974	2,354,845
Unrestricted	<u>1,084,707</u>	<u>620,802</u>	<u>1,705,509</u>
Total net position	<u>\$ 1,961,578</u>	<u>\$ 2,098,776</u>	<u>\$ 4,060,354</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-2
TOWN OF BRISTOL, NEW HAMPSHIRE
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2019

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Operating revenues:			
User charges	\$ 447,522	\$ 520,209	\$ 967,731
Miscellaneous	57,902	14,442	72,344
Total operating revenues	505,424	534,651	1,040,075
Operating expenses:			
Salaries and wages	210,923	171,251	382,174
Operation and maintenance	142,712	179,132	321,844
Depreciation	84,937	101,226	186,163
Total operating expenses	438,572	451,609	890,181
Operating gain	66,852	83,042	149,894
Nonoperating revenues (expenses):			
Intergovernmental revenues	-	40,457	40,457
Investment income	11,553	3,473	15,026
Interest expense	(22,696)	(27,576)	(50,272)
Total nonoperating revenues (expenses)	(11,143)	16,354	5,211
Other financing sources:			
Transfers in	-	34,700	34,700
Change in net position	55,709	134,096	189,805
Net position, beginning	1,905,869	1,964,680	3,870,549
Net position, ending	\$ 1,961,578	\$ 2,098,776	\$ 4,060,354

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-3
TOWN OF BRISTOL, NEW HAMPSHIRE
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2019

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 496,241	\$ 528,997	\$ 1,025,238
Payments to employees	(209,136)	(169,464)	(378,600)
Payments to suppliers	(99,984)	(213,266)	(313,250)
Net cash provided by operating activities	187,121	146,267	333,388
Cash flows from capital and related financing activities:			
Principal paid on bonds	(46,308)	(67,629)	(113,937)
Acquisition and construction of fixed assets	-	(27,381)	(27,381)
Interest paid	(17,838)	(28,406)	(46,244)
Intergovernmental	-	42,257	42,257
Interfund transfer	-	34,700	34,700
Net cash used for capital and related financing activities	(64,146)	(46,459)	(110,605)
Cash flows from investing activities:			
Investment income	11,553	3,473	15,026
Net increase in cash	134,528	103,281	237,809
Cash, beginning	1,123,052	785,464	1,908,516
Cash, ending	\$ 1,257,580	\$ 888,745	\$ 2,146,325

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities

Operating gain	\$ 66,852	\$ 83,042	\$ 149,894
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Depreciation expense	84,937	101,226	186,163
Changes in other receivables	(9,183)	(5,654)	(14,837)
Changes in inventory	565	1	566
Changes in deferred outflows of resources	11,909	9,650	21,559
Changes in accounts payable	(2,602)	(2,117)	(4,719)
Changes in internal balances	42,916	(32,938)	9,978
Changes in net pension liability	(9,228)	(8,201)	(17,429)
Changes in net OPEB liability	(8,994)	(6,978)	(15,972)
Changes in compensated absences payable	1,787	1,787	3,574
Changes in deferred inflows of resources	8,162	6,449	14,611
Total adjustments	120,269	63,225	183,494
Net cash provided by operating activities	\$ 187,121	\$ 146,267	\$ 333,388

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT F-1
TOWN OF BRISTOL, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2019

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 106,132	\$ 2,855,839
LIABILITIES		
Intergovernmental payables:		
School	-	2,836,874
NET POSITION		
Restricted	\$ 106,132	\$ 18,965

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT F-2
TOWN OF BRISTOL, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2019

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Contributions	\$ 500	\$ 1,300
Investment earnings	1,787	4,292
Tax collections for other governments	-	6,724,550
Total additions	2,287	6,730,142
DEDUCTIONS		
Scholarships paid	6,000	-
Payments for trust purposes	-	320,000
Payments of taxes to other governments	-	6,724,550
Payments for escrow purposes	-	4,237
Total deductions	6,000	7,048,787
Change in net position	(3,713)	(318,645)
Net position, beginning, as restated (see Note 20)	109,845	337,610
Net position, ending	\$ 106,132	\$ 18,965

The Notes to the Basic Financial Statements are an integral part of this statement.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Bristol, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2019 the Town implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-D for further information on this pronouncement.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Bristol is a municipal corporation governed by an elected 5-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting, and Measurement Focus

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

Government-wide Financial Statements – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to

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be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – are used to account for the financial resources and activities relating to specific construction projects.

Permanent Fund – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports nine nonmajor governmental funds.

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary funds:

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

Sewer Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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The Town reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Custodial Fund – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

Level 3 – Inputs are significant unobservable inputs.

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The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-G Inventory

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's water and sewer funds consist of expendable materials and supplies held for consumption. The cost is recorded as an expense when consumed rather than when purchased.

1-H Prepaid Items

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

1-I Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position. Capital assets of the proprietary fund are capitalized in the fund and the cost basis for proprietary fund capital assets is the same as that used for general capital assets.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	20 - 40
Vehicles	5
Machinery and equipment	5
Infrastructure	30 - 75

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1-J Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to 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.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 16, 2019 and November 14, 2019, and due on July 2, 2019 and December 30, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on May 15, 2019.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Newfound Regional School District, and Grafton County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$451,817,173
For all other taxes	\$470,595,073

The tax rates and amounts assessed for the year ended December 31, 2019 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 8.42	\$ 3,962,392
School portion:		
State of New Hampshire	2.27	1,023,999
Local	10.10	4,752,420
County portion	2.01	948,131
Total	\$ 22.80	\$10,686,942

1-L Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

1-M Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

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Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-N Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statements of Net Position.

1-O Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation, sick and personal time based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

1-P Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-Q Postemployment Benefits Other Than Pensions

The Town maintains two separate other postemployment benefit plans (OPEB), as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the Town's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-R Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5% of the annual budget, including Town, School and County appropriations.

1-S Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general, water, and sewer funds. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, \$350,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$35,100 was voted from unassigned fund balance to fund current year appropriations.

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 5,920,419
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended expendable trust funds	10,051
To eliminate transfers between general and expendable trust funds	(303,831)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(20,361)
Change in allowance for uncollectible property taxes	47,902
Per Exhibit C-3 (GAAP basis)	<u>\$ 5,654,180</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 6,447,261
Adjustment:	
Basis differences:	
Encumbrances, beginning	684,003
Encumbrances, ending	(20,000)
GASB Statement No. 54:	
To record expenditures of the blended expendable trust funds	2,243
To eliminate transfers between general and expendable trust funds	(474,707)
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,638,800</u>

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2-C Deficit Fund Balances

The Multi-Use Path and Miscellaneous Capital Project funds had deficit fund balances of \$43,305 and \$65,869, respectively at December 31, 2019. These deficits will be financed through future revenues of the fund and bond proceeds that will be issued in the subsequent year.

2-D Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 20.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$6,221,955 and the bank balances totaled \$6,974,793.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$3,259,984
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	2,961,971
Total cash and cash equivalents	<u>\$6,221,955</u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2019:

	Valuation Measurement Method	Reported Balance	1-5 Years	Exempt from Disclosure
Investments type:				
Certificates of deposit	Level 1	\$ 35,592	\$35,592	\$ -
Equity mutual funds	Level 1	45,469	-	45,469
Fixed income mutual funds	Level 2	45,573	-	45,573
Total fair value		<u>\$ 126,634</u>	<u>\$35,592</u>	<u>\$ 91,042</u>

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Interest Rate Risk – This 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 Board of Selectmen’s investment policy restricts investments in fixed income securities to United States Treasury Securities maturing in less than one year and other short-term obligations of United States Government Agencies. The Trustees of Trust funds limits the average maturity of debt securities so that they do not exceed ten years and additionally, the duration of the investment holding period does not exceed five years.

Credit Risk - The Board of Selectmen’s investment policy limits fixed income securities to only the United States Treasury and United States Government Agency bonds. The Trustees of Trust Fund’s investment policy states that all fixed income security purchases shall have a minimum quality of A by either Moody’s or Standard and Poor’s. The Town’s investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Certificates of deposit	\$ 35,592	\$ 35,592
Equity mutual funds	45,469	45,469
Fixed income mutual funds	45,573	45,573
Total	<u>\$ 126,634</u>	<u>\$ 126,634</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g. broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board of Selectmen’s and Trustees of Trust Funds’ investment policies do not directly address this risk.

Concentration of Credit Risk – The Board of Selectmen’s investment policy does not directly address this risk. The Trustees of Trust Funds investment policy states that for fixed income securities, concentration in any one issuer shall not exceed ten percent except in obligations of the United States and/or the State of New Hampshire and its subdivisions. For equities, the purchase of a single company should not exceed five percent of the equity portion of the portfolio. The maximum exposure to any one name, because the price appreciation, should not exceed twenty percent of the equities. More than 5% of the Town’s investments are in Franklin Savings Bank. These investments are 28% of the Town’s total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	<u>\$ 126,634</u>
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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$100,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 895,426	\$ 895,426
Unredeemed (under tax lien):		
Levy of 2018	116,020	116,020
Levy of 2017	66,854	66,854
Levies of 2016 and prior	37,520	37,520
Less: allowance for estimated uncollectible taxes	(100,000) *	-
Net taxes receivable	<u>\$1,015,820</u>	<u>\$1,115,820</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

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NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2019, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2019 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds			Proprietary Funds		
	General Fund	Nonmajor Funds	Total	Water Fund	Sewer Funds	Total
Receivables:						
Accounts	\$ 488,096	\$ 19,475	\$ 507,571	\$ 106,789	\$ 128,277	\$ 235,066
Intergovernmental	-	22,960	22,960	-	35,430	35,430
Gross receivables	488,096	42,435	530,531	106,789	163,707	270,496
Less: allowance for uncollectibles	(260,619)	-	(260,619)	-	-	-
Net total receivables	<u>\$ 227,477</u>	<u>\$ 42,435</u>	<u>\$ 269,912</u>	<u>\$ 106,789</u>	<u>\$ 163,707</u>	<u>\$ 270,496</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 780,101	\$ -	\$ -	\$ 780,101
Construction in progress	595,121	23,674	(422,169)	196,626
Total capital assets not being depreciated	<u>1,375,222</u>	<u>23,674</u>	<u>(422,169)</u>	<u>976,727</u>
Being depreciated:				
Buildings and building improvements	1,962,971	899,637	-	2,862,608
Vehicles	3,572,690	478,795	(311,547)	3,739,938
Machinery and equipment	174,087	-	-	174,087
Infrastructure	7,172,350	86,369	-	7,258,719
Total capital assets being depreciated	<u>12,882,098</u>	<u>1,464,801</u>	<u>(311,547)</u>	<u>14,035,352</u>
Total all capital assets	<u>14,257,320</u>	<u>1,488,475</u>	<u>(733,716)</u>	<u>15,012,079</u>
Less accumulated depreciation:				
Buildings and building improvements	(461,817)	(66,441)	-	(528,258)
Vehicles	(2,010,337)	(219,464)	311,547	(1,918,254)
Machinery and equipment	(74,909)	(9,188)	-	(84,097)
Infrastructure	(3,892,001)	(148,781)	-	(4,040,782)
Total accumulated depreciation	<u>(6,439,064)</u>	<u>(443,874)</u>	<u>311,547</u>	<u>(6,571,391)</u>
Net book value, capital assets being depreciated	<u>6,443,034</u>	<u>1,020,927</u>	<u>-</u>	<u>7,463,961</u>
Net book value, all governmental activities capital assets	<u>\$7,818,256</u>	<u>\$1,044,601</u>	<u>\$(422,169)</u>	<u>\$8,440,688</u>

(Continued)

TOWN OF BRISTOL, NEW HAMPSHIRE
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Capital assets continued:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 9,894	\$ -	\$ -	\$ 9,894
Construction in progress	50,800	27,381	-	78,181
Total capital assets not being depreciated	60,694	27,381	-	88,075
Being depreciated:				
Buildings and building improvements	2,841,560	-	-	2,841,560
Machinery and equipment	2,024,141	-	-	2,024,141
Infrastructure	5,437,111	-	-	5,437,111
Total capital assets being depreciated	10,302,812	-	-	10,302,812
Total all capital assets	10,363,506	27,381	-	10,390,887
Less accumulated depreciation:				
Buildings and building improvements	(2,028,017)	(22,616)	-	(2,050,633)
Machinery and equipment	(1,767,447)	(59,670)	-	(1,827,117)
Infrastructure	(2,789,667)	(103,877)	-	(2,893,544)
Total accumulated depreciation	(6,585,131)	(186,163)	-	(6,771,294)
Net book value, capital assets being depreciated	3,717,681	(186,163)	-	3,531,518
Net book value, all business-type activities capital assets	\$3,778,375	\$ (158,782)	\$ -	\$3,619,593

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental activities:	
General government	\$ 45,104
Public safety	146,330
Highways and streets	233,009
Culture and recreation	19,431
Total depreciation expense	<u>\$ 443,874</u>
Business-type activities:	
Water	\$ 84,937
Sewer	101,226
Total depreciation expense	<u>\$ 186,163</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 60,743
	Sewer	230,970
	Nonmajor	166,630
		<u>\$458,343</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2019 is as follows:

	Transfers In:			
	General Fund	Sewer Fund	Nonmajor Fund	Total
Transfers out:				
General fund	\$ -	\$ 34,700	\$ 30,293	\$ 64,993
Nonmajor fund	15,000	-	-	15,000
Total	<u>\$ 15,000</u>	<u>\$ 34,700</u>	<u>\$ 30,293</u>	<u>\$ 79,993</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2019 consist of the following:

	Governmental Fund	Fiduciary Funds
	General	
Miscellaneous fees due to the State of New Hampshire	\$ 303	\$ -
Unused grant funds due to the Federal Government	9,000	-
Taxes due to the Newfound Regional School District	-	2,836,874
Total intergovernmental payables due	<u>\$ 9,303</u>	<u>\$ 2,836,874</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities and Proprietary Funds		
		Water Fund	Sewer Fund	Totals
Amounts related to pensions, see Note 14	\$ 528,162	\$ 28,377	\$ 22,586	\$ 50,963
Amounts related to OPEB, see Note 15	21,304	1,145	911	2,056
Total deferred outflows of resources	<u>\$ 549,466</u>	<u>\$ 29,522</u>	<u>\$ 23,497</u>	<u>\$ 53,019</u>

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund	Business-type Activities and Proprietary Funds		
			Water Fund	Sewer Fund	Totals
Property taxes not collected within 60 days of fiscal year-end	\$ -	\$209,067	\$ -	\$ -	\$ -
Property taxes collected in advance of eligible warrant	5,925	5,925	-	-	-
Amounts related to pensions, see Note 14	368,807	-	19,815	15,772	35,587
Amounts related to OPEB, see Note 15	4,813	-	259	206	465
Total deferred inflows of resources	<u>\$ 379,545</u>	<u>\$214,992</u>	<u>\$40,148</u>	<u>\$ 15,978</u>	<u>\$ 36,052</u>

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NOTE 11 – CAPITAL LEASES

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2019
Capital lease obligations:		
Pumper/tanker Fire Truck	2.67%	\$ 136,637
Tractor	4.24%	106,821
Total capital lease obligations		<u>\$ 243,458</u>

Leased equipment under the capital leases, included in capital assets, is as follows:

	Governmental Activities
Vehicles:	
Pumper/tanker Fire Truck	\$ 445,388
Tractor	160,000
Total equipment	605,388
Less: accumulated depreciation	(79,264)
Total capital lease vehicles	<u>\$ 684,652</u>

The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2020	\$ 91,002
2021	90,703
2022	20,242
2023	60,241
Total requirements	262,188
Less: interest	18,730
Present value of remaining payments	<u>\$ 243,458</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 12 – SHORT-TERM DEBT

Changes in the Town's short-term borrowings during the year ended December 31, 2019 consisted of the following:

Governmental Activities	Original Issue	Interest Rate	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Tax anticipation note	<u>\$ 1,000,000</u>	1.82%	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000 *</u>

*Reported amount includes \$1,024 in accrued interest repaid on January 2, 2020.

The purpose of the short-time borrowings was to provide for interim financing of general fund operations.

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NOTE 13 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental activities:					
Bonds/notes payable	\$ 1,250,310	\$ -	\$ (116,943)	\$ 1,133,367	\$ 170,708
Capital leases	324,822	-	(81,364)	243,458	83,273
Compensated absences	172,111	55,657	-	227,768	-
Abatement settlement liability*	-	161,715	(26,953)	134,762	53,905
Net pension liability	3,996,491	-	(275,616)	3,720,875	-
Net other postemployment benefits	646,571	-	(201,889)	444,682	-
Total long-term liabilities	<u>\$ 6,390,305</u>	<u>\$ 217,372</u>	<u>\$ (702,765)</u>	<u>\$ 5,904,912</u>	<u>\$ 307,886</u>
Business-type activities:					
Bonds/notes payable	\$ 1,378,685	\$ -	\$ (113,937)	\$ 1,264,748	\$ 115,911
Compensated absences	34,602	3,574	-	38,176	3,818
Net pension liability	376,461	-	(17,429)	359,032	-
Net other postemployment benefits	60,907	-	(15,972)	44,935	-
Total long-term liabilities	<u>\$ 1,850,655</u>	<u>\$ 3,574</u>	<u>\$ (147,338)</u>	<u>\$ 1,706,891</u>	<u>\$ 166,913</u>

* In fiscal year 2019, the Town settled some of its ongoing abatements with Eversource (PSNH). As a result, the Town has agreed to pay abatement refunds to Eversource in installments of \$26,953, which commenced on December 1, 2019 with the last payment scheduled to be made on July 1, 2022. The amount still outstanding as of December 31, 2019 is reported as a long-term liability on the Statement of Net Position.

Long-term bonds/notes are comprised of the following:

Governmental activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019
General obligation bonds/notes payable:					
Library Project	\$ 888,000	2012	2022	2.12	\$ 266,400
Central Square Project	\$ 415,650	2012	2027	2.54	217,330
Town Hall Building	\$ 649,637	2018	2029	3.75	649,637
Total					<u>\$ 1,133,367</u>

Business-type activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019
General obligation bonds/notes payable:					
SRF Drinking Water	\$ 1,191,000	2012	2031	3.10	\$ 415,053
Central Square Project	\$ 399,350	2012	2027	2.54	217,338
Wastewater Dewatering Treatment Facility	\$ 305,000	2017	2024	2.55	217,857
2019 Bond Refunding	\$ 429,500	2019	2039	3.33	414,500
Total					<u>\$ 1,264,748</u>

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The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2019, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 170,708	\$ 35,637	\$ 206,345
2021	172,755	31,003	203,758
2022	174,888	26,285	201,173
2023	88,297	21,488	109,785
2024	90,592	18,490	109,082
2025-2029	436,127	45,099	481,226
Totals	<u>\$ 1,133,367</u>	<u>\$ 178,002</u>	<u>\$ 1,311,369</u>

Business-type activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 115,911	\$ 43,148	\$ 159,059
2021	117,314	39,789	157,103
2022	119,644	36,332	155,976
2023	120,603	32,831	153,434
2024	122,894	29,130	152,024
2025-2029	371,621	94,478	466,099
2030-2034	205,761	34,765	240,526
2035-2039	91,000	6,863	97,863
Totals	<u>\$ 1,264,748</u>	<u>\$ 317,336</u>	<u>\$ 1,582,084</u>

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2019 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 16, 2019	Sewer line construction, pump station replacement, and other improvements	<u>\$ 20,000,000</u>

NOTE 14 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

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Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$389,529, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2019 the Town reported a liability of \$4,079,907 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 towns and school districts, actuarially determined. At June 30, 2019, the Town's proportion was .08479218% which was an decrease of .00602292% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$483,519. At December 31, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 201,520	\$ 283,337
Changes in assumptions	146,385	-
Net difference between projected and actual investment earnings on pension plan investments	-	33,327
Differences between expected and actual experience	22,558	87,730
Contributions subsequent to the measurement date	208,662	-
Total	<u>\$ 579,125</u>	<u>\$ 404,394</u>

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The \$208,662 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2020	\$ 116,582
2021	(96,889)
2022	(16,613)
2023	(37,011)
2024	-
Thereafter	-
Totals	<u>\$ (33,931)</u>

Actuarial Assumptions – The collective total pension liability was based on the following assumptions:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Wage inflation	3.25% (3.00% for teachers)
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

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Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 5,463,163	\$ 4,079,907	\$ 2,936,656

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

Allocation of deferred outflows of resources, net pension liability and deferred inflows of resources is as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	\$ 528,162	\$ 3,720,875	\$ 368,807
Business-type activities	50,963	359,032	35,587
Total	\$ 579,125	\$ 4,079,907	\$ 404,394

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

15-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

Benefits Provided - Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

TOWN OF BRISTOL, NEW HAMPSHIRE
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Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$44,439, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2019, the Town reported a liability of \$418,574 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town's proportion was .09547517% which was an decrease of .00838399% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$32,185. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 4,080
Net difference between projected and actual investment earnings on OPEB plan investments	-	470
Differences between expected and actual experience	-	728
Contributions subsequent to the measurement date	23,360	-
Total	<u>\$ 23,360</u>	<u>\$ 5,278</u>

The \$23,360 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	\$ (5,120)
2021	(312)
2022	32
2023	122
2024	-
Thereafter	-
Totals	<u>\$ (5,278)</u>

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Actuarial Assumptions – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.5 %
Wage inflation:	3.25 % (3.00%) for teachers
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

TOWN OF BRISTOL, NEW HAMPSHIRE
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Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 454,007	\$ 418,574	\$ 387,785

Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

Allocation of deferred outflows of resources, net OPEB liability and deferred inflows of resources is as follows:

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources
Governmental activities	\$ 21,304	\$ 381,739	\$ 4,813
Business-type activities	2,056	36,835	465
Total	\$ 23,360	\$ 418,574	\$ 5,278

15-B Town of Bristol Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees.

Employees Covered by Benefit Terms – At December 31, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	33
Total participants covered by OPEB plan	39

Total OPEB Liability – The Town's total OPEB liability of \$71,042 was measured as of December 31, 2019, and was determined by an actuarial valuation of that date.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial Assumptions and Other Inputs – The total OPEB liability of \$71,042 in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.00%
Healthcare Cost Trend Rates:	
Current Year Trend	4.60%
Second Year Trend	4.70%
Decrement	0.10%
Ultimate Trend	4.70%
Year Ultimate Trend is Reached	2029
Salary Increases:	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of July 1, 2016.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	December 31,	
	2018	2019
OPEB liability beginning of year	\$ 334,416	\$ 231,962
Changes for the year:		
Service cost	54,540	54,540
Interest	27,795	11,460
Assumption changes and difference between actual and expected experience	(184,789)	(226,920)
OPEB liability end of year	<u>\$ 231,962</u>	<u>\$ 71,042</u>

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The December 31, 2019 actuarial valuation was prepared using a discount rate of 3.0%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$70,363 or by (1.0%). If the discount rate were 1% lower than what was used the OPEB liability would increase to \$71,738 or by 1.0%.

	Discount Rate		
	1% Decrease	3.00%	1% Increase
Total OPEB Liability	<u>\$ 71,738</u>	<u>\$ 71,042</u>	<u>\$ 70,363</u>

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The December 31, 2019 actuarial valuation was prepared using an initial trend rate of 4.6%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$72,755 or by 2.4%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$69,354 or by (2.4%).

	Healthcare Cost Trend Rates		
	1% Decrease	4.60%	1% Increase
Total OPEB Liability	<u>\$ 69,354</u>	<u>\$ 71,042</u>	<u>\$ 72,755</u>

OPEB Benefit – For the year ended December 31, 2019, the Town recognized OPEB benefit of \$160,920.

TOWN OF BRISTOL, NEW HAMPSHIRE
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Allocation of net OPEB liability is as follows:

	Net OPEB Liability
Governmental activities	\$ 62,943
Business-type activities	8,099
Total	<u>\$ 71,042</u>

NOTE 16 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2019 and are as follows:

General fund:	
General government	\$ 9,335
Capital outlay	10,665
Total encumbrances	<u>\$ 20,000</u>

NOTE 17 – STATE AID TO WATER POLLUTION PROJECTS

The Town is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

Bonds Issued	Amount
92 Chlorination / Dechlorination Facil	<u>\$ 82,270</u>

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At December 31, 2019 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 1,800	\$ 1,565	\$ 3,365
2021	2,040	1,488	3,528
2022	2,100	1,405	3,505
2023	2,100	1,311	3,411
2024	2,190	1,204	3,394
2025-2029	12,870	4,314	17,184
2030-2033	12,330	1,099	13,429
Total	<u>\$ 35,430</u>	<u>\$ 12,386</u>	<u>\$ 47,816</u>

TOWN OF BRISTOL, NEW HAMPSHIRE
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NOTE 18 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Statement of Net Position at December 31, 2019 include the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, all governmental activities capital assets	\$ 8,440,688	\$ 3,619,593	\$ 12,060,281	\$ -
Less:				
General obligation bonds/notes payable	(1,133,367)	(1,264,748)	(2,398,115)	-
Capital leases payable	(243,458)	-	(243,458)	-
Total net investment in capital assets	7,063,863	2,354,845	9,418,708	-
Restricted net position:				
Permanent fund principal	51,420	-	51,420	-
Permanent fund income	4,782	-	4,782	-
Library	181,959	-	181,959	-
Individuals, organizations and other governments	-	-	-	125,097
Total restricted net position	238,161	-	238,161	125,097
Unrestricted	(2,642,116)	1,705,509	(936,607)	-
Total net position	\$ 4,659,908	\$ 4,060,354	\$ 8,720,262	\$ 125,097

NOTE 19 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 6,359	\$ -	\$ 6,359
Tax deeded property	22,487	-	22,487
Permanent fund - principal balance	-	51,420	51,420
Total nonspendable fund balance	28,846	51,420	80,266
Restricted:			
Library	-	181,959	181,959
Permanent - income balance	-	4,782	4,782
Total restricted fund balance	-	186,741	186,741
Committed:			
Expendable trust funds	581,184	-	581,184
Police details	-	3,332	3,332
Conservation	-	2,316	2,316
Transfer station	-	32,650	32,650
Ambulance	-	62,789	62,789
Total committed fund balance	581,184	101,087	682,271
Assigned:			
Encumbrances	20,000	-	20,000
Abatement contingency	224,383	-	224,383
Other special revenue funds	-	6,568	6,568
Total assigned fund balance	244,383	6,568	250,951
Unassigned (deficit)	777,784	(109,474)	668,310
Total governmental fund balances	\$ 1,632,197	\$ 236,342	\$ 1,868,539

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DECEMBER 31, 2019

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2019 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements	General Fund (Exhibit C-1)	General Fund (Exhibit D)	Other Governmental Funds	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ (3,024)	\$ -	\$ -	\$ (3,024)	\$ 337,610
To restate for Police Detail Fund expenditures, previously reported in the general fund	-	20,242	20,242	(20,242)	-
To restate for reporting differences relating to property taxes	224,383	610,654	-	-	-
To restate for liability, not previously reported	(15,308)	(15,308)	-	-	-
To restate for overstatement of receivable	(45,252)	-	-	(45,252)	-
To restate for depreciation expense, not previously reported	(28,582)	-	-	-	-
Net position/fund balance, as previously reported	5,003,800	2,001,229	1,414,063	467,433	-
Net position/fund balance, as restated	<u>\$ 5,136,017</u>	<u>\$ 2,616,817</u>	<u>\$ 1,434,305</u>	<u>\$ 398,915</u>	<u>\$ 337,610</u>

NOTE 21 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$66,148 and \$83,778 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 22 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the government's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 23 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 24 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through November 30, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following events occurred that require recognition or disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor issued an order declaring a State of Emergency on March 13, 2020. It is anticipated that the impact of the pandemic will continue for some time. As a result, economic uncertainties have arisen which could have a financial impact on the Town though potential impact is unknown at this time.

At the 2020 Annual Town Meeting, held on March 14, 2020, the residents of the Town approved two warrant articles appropriating the use of December 31, 2019 surplus (fund balance) to set aside funds for contingency purposes (\$25,000) and to establish a Patriotic, Recreation, and Special Events Expendable Trust Fund (\$1,000).

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF BRISTOL, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,				
	2015	2016	2017	2018	2019
Town's:					
Proportion of the net pension liability	0.08542126%	0.08727626%	0.08378561%	0.09081510%	0.08479218%
Proportionate share of the net pension liability	\$ 3,383,986	\$ 4,640,998	\$ 4,120,569	\$ 4,372,952	\$ 4,079,907
Covered payroll	\$ 1,673,364	\$ 1,643,663	\$ 1,738,206	\$ 1,833,863	\$ 2,018,727
Proportionate share of the net pension liability as a percentage of its covered payroll	202.23%	282.36%	237.06%	238.46%	202.10%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	58.30%	62.66%	64.73%	65.59%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

EXHIBIT H
TOWN OF BRISTOL, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 302,864	\$ 279,557	\$ 352,952	\$ 373,491	\$ 369,000
Contributions in relation to the contractually required contributions	302,864	279,557	352,952	373,491	369,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,716,043	\$ 1,572,353	\$ 1,917,358	\$ 1,973,785	\$ 2,149,494
Contributions as a percentage of covered payroll	17.65%	17.78%	18.41%	18.92%	17.17%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

***Schedule of the Town's Proportionate Share of Net Pension Liability and
Schedule of Town Contributions - Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Other Information:

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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EXHIBIT I
TOWN OF BRISTOL, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.06821658%	0.06378766%	0.10385916%	0.09547517%
Town's proportionate share of the net OPEB liability (asset)	\$ 330,240	\$ 291,659	\$ 475,516	\$ 418,574
Town's covered payroll	\$ 1,643,663	\$ 1,738,206	\$ 1,833,863	\$ 2,018,727
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	20.09%	16.78%	25.93%	20.73%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT J
TOWN OF BRISTOL, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 39,638	\$ 37,807	\$ 45,940	\$ 44,439
Contributions in relation to the contractually required contribution	39,638	37,807	45,940	44,439
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$1,572,353	\$1,917,358	\$1,973,785	\$2,149,494
Contributions as a percentage of covered payroll	2.52%	1.97%	2.33%	2.07%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT K
TOWN OF BRISTOL, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2019

	December 31,	
	2018	2019
OPEB liability, beginning of year	\$ 334,416	\$ 231,962
Changes for the year:		
Service cost	54,540	54,540
Interest	27,795	11,460
Assumption changes and difference between actual and expected experience	(184,789)	(226,920)
OPEB liability, end of year	\$ 231,962	\$ 71,042
Covered payroll	\$2,586,106	\$2,663,689
Total OPEB liability as a percentage of covered payroll	8.97%	2.67%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

***Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability and
Schedule of Town Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Schedule of Changes in Town's Total Other Postemployment Benefits Liability and Related Ratios

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2019. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,717,831	\$ 3,634,181	\$ (83,650)
Yield	14,000	19,939	5,939
Payment in lieu of taxes	15,588	16,861	1,273
Interest and penalties on taxes	74,000	69,001	(4,999)
Total from taxes	<u>3,821,419</u>	<u>3,739,982</u>	<u>(81,437)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	72,441	107,207	34,766
Motor vehicle permit fees	635,000	691,119	56,119
Building permits	2,000	6,248	4,248
Other	79,000	88,125	9,125
Total from licenses, permits, and fees	<u>788,441</u>	<u>892,699</u>	<u>104,258</u>
Intergovernmental:			
State:			
Shared revenues	62,898	62,898	-
Meals and rooms distribution	159,274	159,274	-
Highway block grant	97,344	97,198	(146)
Water pollution grants	12,257	-	(12,257)
State and federal forest land reimbursement	42	42	-
Flood control reimbursement	12,090	11,555	(535)
Other	169,119	17,767	(151,352)
Total from intergovernmental	<u>513,024</u>	<u>348,734</u>	<u>(164,290)</u>
Charges for services:			
Income from departments	<u>577,845</u>	<u>538,999</u>	<u>(38,846)</u>
Miscellaneous:			
Interest on investments	13,000	11,944	(1,056)
Other	<u>45,000</u>	<u>69,230</u>	<u>24,230</u>
Total from miscellaneous	<u>58,000</u>	<u>81,174</u>	<u>23,174</u>
Other financing sources:			
Transfers in	<u>311,378</u>	<u>318,831</u>	<u>7,453</u>
Total revenues and other financing sources	6,070,107	<u>\$ 5,920,419</u>	<u>\$ (149,688)</u>
Unassigned fund balance used to reduce tax rate	350,000		
Amounts voted from fund balance	35,100		
Total revenues, other financing sources, and use of fund balance	<u>\$ 6,455,207</u>		

SCHEDULE 2
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 189,004	\$ 200,989	\$ -	\$ (11,985)
Election and registration	-	75,415	74,658	-	757
Financial administration	-	175,699	161,940	-	13,759
Revaluation of property	-	104,474	97,487	-	6,987
Legal	-	70,000	124,535	-	(54,535)
Personnel administration	-	562,604	521,284	-	41,320
Planning and zoning	-	28,158	27,505	-	653
General government buildings	5,800	216,011	287,021	9,335	(74,545)
Cemeteries	-	820	747	-	73
Insurance, not otherwise allocated	-	47,396	46,396	-	1,000
Advertising and regional associations	-	10,227	10,380	-	(153)
Other	-	25,000	14,335	-	10,665
Total general government	5,800	1,504,808	1,567,277	9,335	(66,004)
Public safety:					
Police	-	1,078,494	1,053,242	-	25,252
Fire	-	940,423	939,041	-	1,382
Emergency management	-	1,250	555	-	695
Other	-	10,000	10,000	-	-
Total public safety	-	2,030,167	2,002,838	-	27,329
Highways and streets:					
Administration	-	536,071	538,830	-	(2,759)
Highways and streets	66,366	310,001	373,082	-	3,285
Other	-	30,500	34,755	-	(4,255)
Total highways and streets	66,366	876,572	946,667	-	(3,729)
Sanitation:					
Solid waste disposal	-	373,602	290,009	-	83,593
Health:					
Administration	-	79,136	79,181	-	(45)
Pest control	-	400	-	-	400
Health agencies	-	33,400	33,400	-	-
Total health	-	112,936	112,581	-	355
Welfare:					
Administration and direct assistance	-	11,184	11,164	-	20
Vendor payments and other	-	23,900	13,390	-	10,510
Total welfare	-	35,084	24,554	-	10,530
Culture and recreation:					
Parks and recreation	3,000	153,037	155,866	-	171
Library	-	202,640	197,576	-	5,064
Patriotic purposes	-	35,890	27,704	-	8,186
Total culture and recreation	3,000	391,567	381,146	-	13,421
Conservation	-	11,451	9,125	-	2,326
Economic development	-	35,010	35,460	-	(450)

(Continued)

SCHEDULE 2 (Continued)
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	201,142	197,331	-	3,811
Interest on long-term debt	-	19,568	23,280	-	(3,712)
Interest on tax anticipation notes	-	501	2,042	-	(1,541)
Total debt service	-	221,211	222,653	-	(1,442)
Capital outlay	608,837	323,099	979,254	10,665	(57,983)
Other financing uses:					
Transfers out	-	539,700	539,700	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$684,003	\$ 6,455,207	\$ 7,111,264	\$ 20,000	\$ 7,946

SCHEDULE 3
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2019

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 20)		\$ 1,434,305
Changes:		
Unassigned fund balance used to reduce 2019 tax rate		(350,000)
Amounts voted from fund balance		(35,100)
2019 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (149,688)	
Unexpended balance of appropriations (Schedule 2)	7,946	
2019 Budget deficit		(141,742)
Increase in nonspendable fund balance		(20,612)
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		886,851
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(209,067)
Elimination of the allowance for uncollectible taxes		100,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 777,784</u>

SCHEDULE 4
TOWN OF BRISTOL, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

	Special Revenue Funds						Capital Project Funds		Permanent Fund	Total
	Library	Police Details	Conservation	Transfer Station	Ambulance	Other Special Revenue Funds	Multi-Use Path	Miscellaneous		
ASSETS										
Cash and cash equivalents	\$ 55,325	\$ 18,053	\$ 2,316	\$ 32,650	\$ 62,789	\$ 6,568	\$ -	\$ -	\$ 56,202	\$ 233,903
Investments	126,634	-	-	-	-	-	-	-	-	126,634
Accounts receivable	-	19,475	-	-	-	-	-	-	-	19,475
Intergovernmental receivables	-	-	-	-	-	-	22,960	-	-	22,960
Total assets	<u>\$ 181,959</u>	<u>\$ 37,528</u>	<u>\$ 2,316</u>	<u>\$ 32,650</u>	<u>\$ 62,789</u>	<u>\$ 6,568</u>	<u>\$ 22,960</u>	<u>\$ -</u>	<u>\$ 56,202</u>	<u>\$ 402,972</u>
LIABILITIES										
Interfund payable	\$ -	\$ 34,196	\$ -	\$ -	\$ -	\$ -	\$ 66,565	\$ 65,869	\$ -	\$ 166,630
FUND BALANCES (DEFICIT)										
Nonspendable	-	-	-	-	-	-	-	-	51,420	51,420
Restricted	181,959	-	-	-	-	-	-	-	4,782	186,741
Committed	-	3,332	2,316	32,650	62,789	-	-	-	-	101,087
Assigned	-	-	-	-	-	6,568	-	-	-	6,568
Unassigned (deficit)	-	-	-	-	-	-	(43,605)	(65,869)	-	(109,474)
Total fund balances (deficit)	<u>181,959</u>	<u>3,332</u>	<u>2,316</u>	<u>32,650</u>	<u>62,789</u>	<u>6,568</u>	<u>(43,605)</u>	<u>(65,869)</u>	<u>56,202</u>	<u>236,342</u>
Total liabilities and fund balances	<u>\$ 181,959</u>	<u>\$ 37,528</u>	<u>\$ 2,316</u>	<u>\$ 32,650</u>	<u>\$ 62,789</u>	<u>\$ 6,568</u>	<u>\$ 22,960</u>	<u>\$ -</u>	<u>\$ 56,202</u>	<u>\$ 402,972</u>

SCHEDULE 5
TOWN OF BRISTOL, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	Special Revenue Funds						Capital Project Funds			
	Library	Police Details	Conservation	Transfer Station	Ambulance	Other Special Revenue Funds	Multi-Use Path	Miscellaneous	Permanent Fund	Total
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,351	\$ -	\$ 49,351
Charges for services	-	72,492	-	-	60,000	-	-	-	-	132,492
Miscellaneous	27,224	236	28	56	909	816	-	4,291	737	34,297
Total revenues	27,224	72,728	28	56	60,909	816	-	53,642	737	216,140
EXPENDITURES										
Current:										
Public safety	-	60,154	-	-	199,950	1,520	-	-	-	261,624
Sanitation	-	-	-	6,652	-	-	-	-	-	6,652
Culture and recreation	11,100	-	-	-	-	-	-	-	-	11,100
Capital outlay	-	-	-	-	-	-	23,675	90,955	-	114,630
Total expenditures	11,100	60,154	-	6,652	199,950	1,520	23,675	90,955	-	394,006
Excess (deficiency) of revenues over (under) expenditures	16,124	12,574	28	(6,596)	(139,041)	(704)	(23,675)	(37,313)	737	(177,866)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	30,293	-	30,293
Transfers out	-	(15,000)	-	-	-	-	-	-	-	(15,000)
Total other financing sources (uses)	-	(15,000)	-	-	-	-	-	30,293	-	15,293
Net change in fund balances	16,124	(2,426)	28	(6,596)	(139,041)	(704)	(23,675)	(7,020)	737	(162,573)
Fund balances, beginning, as restated (see Note 20)	165,835	5,758	2,288	39,246	201,830	7,272	(19,930)	(58,849)	55,465	398,915
Fund balances, ending	\$181,959	\$ 3,332	\$ 2,316	\$32,650	\$ 62,789	\$ 6,568	\$ (43,605)	\$ (65,869)	\$56,202	\$ 236,342

SCHEDULE 6
TOWN OF BRISTOL, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2019

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ASSETS				
Cash and cash equivalents	\$ 2,836,874	\$ 18,844	\$ 121	\$ 2,855,839
LIABILITIES				
Intergovernmental payables:				
School	2,836,874	-	-	2,836,874
NET POSITION				
Restricted	\$ -	\$ 18,844	\$ 121	\$ 18,965

SCHEDULE 7
TOWN OF BRISTOL, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2019

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ADDITIONS				
Contributions	\$ -	\$ -	\$ 1,300	\$ 1,300
Investment earnings	-	4,257	35	4,292
Tax collections for other governments	6,724,550	-	-	6,724,550
Total additions	6,724,550	4,257	1,335	6,730,142
DEDUCTIONS				
Payments for trust purposes	-	320,000	-	320,000
Payments of taxes to other governments	6,724,550	-	-	6,724,550
Payments for escrow purposes	-	-	4,237	4,237
Total deductions	6,724,550	320,000	4,237	7,048,787
Change in net position	-	(315,743)	(2,902)	(318,645)
Net position, beginning, as restated (see Note 20)	-	334,587	3,023	337,610
Net position, ending	\$ -	\$ 18,844	\$ 121	\$ 18,965