

**TOWN OF BRISTOL,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

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ANNUAL FINANCIAL REPORT
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TABLE OF CONTENTS

	<u>PAGES</u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	1 - 2
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	3 - 12
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statements	
A Statement of Net Position	13
B Statement of Activities	14
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	15
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	16
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	17
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	19
<i>Proprietary Funds</i>	
E-1 Statement of Net Position	20
E-2 Statement of Revenues, Expenses, and Changes in Net Position	21
E-3 Statement of Cash Flows	22
<i>Fiduciary Funds</i>	
F-1 Statement of Fiduciary Net Position.....	23
F-2 Statement of Changes in Fiduciary Net Position	24
<i>NOTES TO THE BASIC FINANCIAL STATEMENTS</i>	25 - 52
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
G Schedule of the Town's Proportionate Share of Net Pension Liability	53
H Schedule of Town Contributions – Pensions.....	54
<i>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY</i>	55
I Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability	56
J Schedule of Town Contributions – Other Postemployment Benefits	57
K Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios	58
<i>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY</i>	59

TOWN OF BRISTOL, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

TABLE OF CONTENTS

		<u>PAGES</u>
COMBINING AND INDIVIDUAL FUND SCHEDULES		
Governmental Funds		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	60
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	61 - 62
3	Schedule of Changes in Unassigned Fund Balance.....	63
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet	64
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	65
<i>Custodial Funds</i>		
6	Combining Schedule of Fiduciary Net Position	66
7	Combining Schedule of Changes in Fiduciary Net Position	67
 INDEPENDENT AUDITOR'S REPORTS AND SINGLE AUDIT ACT SCHEDULES		
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....		
		68
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE		
		69 - 70
I	Schedule of Findings and Questioned Costs	71
II	Schedule of Expenditures of Federal Awards.....	72
	NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	73



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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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, 2020, 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020, 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.

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,

Town of Bristol
Independent Auditor's Report

- 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021 on our consideration of the Town of Bristol's internal control over financial reporting and on our tests of its with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bristol's internal control over financial reporting and compliance.

Sheryl A. Pratt, CPA

September 1, 2021

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, 2020.

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.
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 \$10,316,314 (i.e., net position), a change of \$1,436,364 in comparison to the prior year.

As of the close of the current year, governmental funds reported ending fund balances of \$2,183,122, a change of (\$314,583) in comparison to the prior year.

At the end of the current year, unassigned fund balance for the general fund was \$773,847, a change of (\$3,937) 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, 2020, are as follows:

	GOVERNMENTAL ACTIVITIES			
	2020	2019	Change	% Change
Current and other assets	\$3,924,511	\$2,846,584	\$ 1,077,927	37.87%
Capital assets, net of depreciation	9,853,521	8,440,688	1,412,833	16.74%
Total assets	13,778,032	11,287,272	2,490,760	22.07%
Deferred outflows of resources	1,526,984	549,466	977,518	177.90%
Long-term liabilities outstanding	7,186,721	5,904,912	1,281,809	21.71%
Other liabilities	1,718,030	892,373	825,657	92.52%
Total Liabilities	8,904,751	6,797,285	2,107,466	31.00%
Deferred inflows of resources	252,301	379,545	(127,244)	-33.53%
Net investment in capital assets	8,730,678	7,063,863	1,666,815	23.60%
Restricted net position	254,384	238,161	16,223	6.81%
Unrestricted net position	(2,837,098)	(2,642,116)	(194,982)	7.38%
Total net position	\$ 6,147,964	\$4,659,908	\$1,488,056	31.93%

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

	<u>BUSINESS-TYPE ACTIVITIES</u>			%
	<u>2020</u>	<u>2019</u>	<u>Change</u>	
Current and other assets	\$2,370,894	\$ 2,310,480	\$ 60,474	2.61%
Capital assets, net of depreciation	<u>3,450,947</u>	<u>3,619,593</u>	<u>(168,646)</u>	<u>-4.66%</u>
Total assets	<u>5,821,841</u>	<u>5,930,013</u>	<u>(108,172)</u>	<u>-1.82%</u>
Deferred outflows of resources	<u>147,341</u>	<u>53,019</u>	<u>94,322</u>	<u>177.90%</u>
Long-term liabilities outstanding	1,743,946	1,706,891	37,055	2.17%
Other liabilities	<u>34,423</u>	<u>20,047</u>	<u>14,376</u>	<u>71.71%</u>
Total Liabilities	<u>1,778,369</u>	<u>1,726,938</u>	<u>51,431</u>	<u>2.98%</u>
Deferred inflows of resources	<u>22,463</u>	<u>36,052</u>	<u>(13,589)</u>	<u>-37.69%</u>
Net investment in capital assets	2,302,109	2,354,845	(52,726)	-2.23%
Unrestricted net position	<u>1,866,241</u>	<u>1,865,197</u>	<u>1,044</u>	<u>0.05%</u>
Total net position	<u><u>\$4,168,350</u></u>	<u><u>\$4,220,042</u></u>	<u><u>(\$51,692)</u></u>	<u><u>1.22%</u></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 \$10,316,314, a change of \$1,436,364 from the prior year.

The largest portion of net position, \$11,032,787 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

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

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.

An additional portion of net position \$254,384, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$970,857) may be used to meet governments ongoing obligations to citizens and creditors:

<u>GOVERNMENTAL ACTIVITIES</u>				
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$1,913,832	\$1,481,431	\$ 432,401	29.19%
Public safety	2,773,295	2,490,234	283,061	11.37%
Highways and streets	893,679	1,222,947	(329,268)	-26.92%
Sanitation	304,736	297,409	7,327	2.46%
Health	125,722	113,045	12,677	11.21%
Welfare	18,246	24,554	(6,308)	-25.69%
Culture and recreation	426,139	414,939	11,200	2.70%
Conservation	1,140	9,125	(7,985)	-87.51%
Economic development	40,937	35,460	5,477	15.45%
Interest on short-term debt	63,705	45,282	18,423	40.69%
Transfers	<u>16,100</u>	<u>34,700</u>	<u>(18,600)</u>	<u>-53.60%</u>
Total expenditures	<u>\$6,577,531</u>	<u>\$6,169,126</u>	<u>4\$08,405</u>	<u>6.62%</u>
Program revenues:				
Charges for services	\$602,097	\$671,491	\$(69,394)	-10.33%
Operating grants and contributions	242,955	133,038	109,917	82.62%
Capital grants and contributions	1,592,000	42,875	1,549,125	3613.12%
General revenues:				
Property taxes and other taxes	4,403,263	3,605,220	798,043	22.14%
Motor vehicle permit fees	731,441	691,119	40,322	5.83%
Licenses and other fees	171,873	201,580	(29,707)	-14.74%
Grants and contributions not related to a specific program	227,059	222,172	4,887	2.20%
Unrestricted investment earnings				-53.68%

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

	18,607	40,170	(21,563)	
Miscellaneous	76,292	85,352	(9,060)	-10.61%
	<u>8,065,587</u>	<u>5,693,017</u>	<u>2,372,570</u>	<u>41.68%</u>
Total revenues				
Beginning net position, as restated	4,659,908	5,136,017		
Ending net position	<u>6,147,964</u>	<u>4,659,908</u>		
Change in net position	<u>\$1,488,056</u>	<u>\$(476,109)</u>		

BUSINESS-TYPE ACTIVITIES

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
Sanitation	\$535,945	\$479,185	\$56,760	11.85%
Water	483,895	461,268	22,627	4.91%
	<u>\$1,019,840</u>	<u>\$940,453</u>	<u>79,387</u>	<u>8.44%</u>
Total expenditures				
Program revenues:				
Charges for services	\$938,478	\$1,040,075	\$(101,597)	-9.77%
Operating grants and contributions	4,729	40,457	(35,728)	-88.31%
General revenues:				
Unrestricted investment earnings	8,841	15,026	(6,185)	-41.16%
Transfers	<u>16,100</u>	<u>34,700</u>	<u>(18,600)</u>	<u>-53.60%</u>
Total revenues	<u>968,148</u>	<u>1,130,258</u>	<u>\$(143,510)</u>	<u>-12.70%</u>
Beginning net position, as restated	4,220,042	3,853,103		
Ending net position	<u>4,168,350</u>	<u>4,042,908</u>		
Change in net position	<u>\$(51,692)</u>	<u>\$ 189,805</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

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

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

Purchase of Highway vehicles as well as a Police Cruiser. Received State of NH Goferr grant to offset \$132,095.96 in COVID related expenses. Received a \$1,592,000 Emergency Broadband Expansion CARES Grant from the State of NH to install optic fiber in the community neighborhoods. Numerous other items of expenses from the Building Maintenance Fund.

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 \$13,304,468 (net of accumulated depreciation) a change of \$1,244,187 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 \$962,658, and Business-type activities long term debt outstanding was \$1,148,838. 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

	2020	2019	Change	% Change
At cost:				
Not being depreciated:				
Land	\$923,101	\$780,101	\$143,000	18.33%
Construction in progress	-	196,626	(196,626)	-100%
Total capital assets not being depreciated	923,101	976,727	(53,626)	-5.49%
Being depreciated:				

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

Buildings and building improvements	2,862,608	2,862,608	-	0.00%
Vehicles	3,770,719	3,739,938	30,781	0.82%
Machinery and equipment	213,087	174,087	39,000	22.40%
Infrastructure	<u>8,862,630</u>	<u>7,258,719</u>	<u>1,603,911</u>	<u>22.10%</u>
Total capital assets being depreciated	<u>15,709,044</u>	<u>14,035,352</u>	<u>1,673,692</u>	<u>11.92%</u>
Total all capital assets	<u>16,632,145</u>	<u>15,012,079</u>	<u>1,620,066</u>	<u>10.79%</u>
Less accumulated depreciation:				
Buildings and building improvements	(589,550)	(528,258)	(61,292)	11.60%
Vehicles	(1,906,195)	(1,918,254)	(12,059)	-0.06%
Machinery and equipment	(93,285)	(84,097)	(9,188)	10.92%
Infrastructure	<u>(4,189,594)</u>	<u>(4,040,782)</u>	<u>(148,812)</u>	<u>3.68%</u>
Total accumulated depreciation	<u>(6,778,624)</u>	<u>(6,571,391)</u>	<u>(207,233)</u>	<u>3.15%</u>
Net book value, capital assets being depreciated	<u>8,930,420</u>	<u>7,463,961</u>	<u>1,466,459</u>	<u>19.65%</u>
Net book value, all capital assets	<u>\$9,853,521</u>	<u>\$8,440,688</u>	<u>\$1,412,833</u>	<u>\$16.74%</u>

BUSINESS-TYPE ACTIVITIES

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
At cost:				
Not being depreciated:				
Land	\$9,894	\$ 9,894	-	0.00%
Construction in progress	<u>85,059</u>	<u>78,181</u>	<u>6,878</u>	<u>8.80%</u>
Total capital assets not being depreciated	<u>94,953</u>	<u>88,075</u>	<u>6,878</u>	<u>7.81%</u>
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	<u>5,437,111</u>	<u>5,437,111</u>	<u>-</u>	<u>0.00%</u>
Total capital assets being depreciated	<u>10,302,812</u>	<u>10,302,812</u>	<u>-</u>	<u>0.00%</u>
Total all capital assets	<u>10,397,765</u>	<u>10,390,887</u>	<u>6,878</u>	<u>0.07%</u>
Less accumulated depreciation:				

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

Buildings and building improvements	(2,072,610)	(2,050,663)	(21,947)	1.07%
Machinery and equipment	(1,878,079)	(1,827,117)	(50,962)	2.79%
Infrastructure	<u>(2,996,129)</u>	<u>(2,893,544)</u>	<u>(102,585)</u>	<u>3.55%</u>
Total accumulated depreciation	<u>(6,946,818)</u>	<u>(6,771,324)</u>	<u>(175,494)</u>	<u>2.59%</u>
Net book value, capital assets being depreciated	<u>3,355,994</u>	<u>3,531,488</u>	<u>(175,494)</u>	<u>-4.97%</u>
Net book value, all capital assets	<u><u>\$3,450,947</u></u>	<u><u>\$3,619,563</u></u>	<u><u>\$(168,616)</u></u>	<u><u>-4.66%</u></u>

GOVERNMENTAL ACTIVITIES

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Bonds/notes payable	\$ 962,658	\$ 1,133,367	\$ (170,709)	-15.06%
Capital Leases	160,185	243,458	(83,273)	-34.20%
Compensated absences	263,007	227,768	35,239	15.47%
Abatement settlement liability	80,857	134,762	(53,905)	-40.00%
Net pension liability	5,295,448	3,720,875	1,574,613	42.32%
Net other postemployment benefits	<u>424,526</u>	<u>444,682</u>	<u>(20,156)</u>	<u>-4.53%</u>
Total	<u><u>\$ 7,186,721</u></u>	<u><u>\$ 5,904,912</u></u>	<u><u>\$ 1,281,809</u></u>	<u><u>21.71%</u></u>

BUSINESS-TYPE ACTIVITIES

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Bonds/notes payable	\$1,148,838	\$1,264,748	\$(115,910)	-9.16%
Compensated absences	41,623	38,176	3,447	9.03%
Net pension liability	510,968	359,032	151,936	42.32%
Net other postemployment benefits	<u>42,517</u>	<u>44,935</u>	<u>(2,418)</u>	<u>-5.38%</u>
Total	<u><u>\$1,743,946</u></u>	<u><u>\$1,706,891</u></u>	<u><u>\$37,055</u></u>	<u><u>2.17%</u></u>

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,258,859	\$ 2,245,923	\$ 4,504,782
Investments	140,533	-	140,533
Taxes receivables (net)	979,469	-	979,469
Account receivables (net)	176,583	240,908	417,491
Intergovernmental receivable	22,960	187,644	210,604
Internal balances	324,465	(324,465)	-
Inventory	-	20,884	20,884
Prepaid items	21,642	-	21,642
Capital assets:			
Land and construction in progress	923,101	94,953	1,018,054
Other capital assets, net of depreciation	8,930,420	3,355,994	12,286,414
Total assets	<u>13,778,032</u>	<u>5,821,841</u>	<u>19,599,873</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	1,501,592	144,891	1,646,483
Amounts related to other postemployment benefits	25,392	2,450	27,842
Total deferred outflows of resources	<u>1,526,984</u>	<u>147,341</u>	<u>1,674,325</u>
LIABILITIES			
Accounts payable	101,920	15,955	117,875
Accrued salaries and benefits	90,710	-	90,710
Accrued interest payable	25,400	18,468	43,868
Short-term notes payable	1,500,000	-	1,500,000
Long-term liabilities:			
Due within one year	312,116	117,314	429,430
Due in more than one year	6,874,605	1,626,632	8,501,237
Total liabilities	<u>8,904,751</u>	<u>1,778,369</u>	<u>10,683,120</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	10,497	-	10,497
Unavailable revenue - Grants and donations	9,000	-	9,000
Amounts related to pensions	231,695	22,356	254,051
Amounts related to other postemployment benefits	1,109	107	1,216
Total deferred inflows of resources	<u>252,301</u>	<u>22,463</u>	<u>274,764</u>
NET POSITION			
Net investment in capital assets	8,730,678	2,302,109	11,032,787
Restricted	254,384	-	254,384
Unrestricted	(2,837,098)	1,866,241	(970,857)
Total net position	<u>\$ 6,147,964</u>	<u>\$ 4,168,350</u>	<u>\$ 10,316,314</u>

EXHIBIT B
TOWN OF BRISTOL, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 1,913,832	\$ 4,626	\$ 4,914	\$ 1,592,000	\$ (312,292)	\$ -	\$ (312,292)
Public safety	2,773,295	522,927	143,641	-	(2,106,727)	-	(2,106,727)
Highways and streets	893,679	3,425	94,355	-	(795,899)	-	(795,899)
Sanitation	304,736	70,820	-	-	(233,916)	-	(233,916)
Health	125,722	-	-	-	(125,722)	-	(125,722)
Welfare	18,246	84	-	-	(18,162)	-	(18,162)
Culture and recreation	426,139	215	-	-	(425,924)	-	(425,924)
Conservation	1,140	-	45	-	(1,095)	-	(1,095)
Economic development	40,937	-	-	-	(40,937)	-	(40,937)
Interest on long-term debt	63,705	-	-	-	(63,705)	-	(63,705)
Total governmental activities	<u>6,561,431</u>	<u>602,097</u>	<u>242,955</u>	<u>1,592,000</u>	<u>(4,124,379)</u>	<u>-</u>	<u>(4,124,379)</u>
Business-type activities:							
Water	483,895	472,848	-	-	-	(11,047)	(11,047)
Sewer	535,945	465,630	4,729	-	-	(65,586)	(65,586)
Total business-type activities	<u>1,019,840</u>	<u>938,478</u>	<u>4,729</u>	<u>-</u>	<u>-</u>	<u>(76,633)</u>	<u>(76,633)</u>
Total	<u>\$ 7,581,271</u>	<u>\$ 1,540,575</u>	<u>\$ 247,684</u>	<u>\$ 1,592,000</u>	<u>(4,124,379)</u>	<u>(76,633)</u>	<u>(4,201,012)</u>
General revenues:							
Taxes:							
Property					4,324,846	-	4,324,846
Other					78,417	-	78,417
Motor vehicle permit fees					731,441	-	731,441
Licenses and other fees					171,873	-	171,873
Grants and contributions not restricted to specific programs					227,059	-	227,059
Unrestricted investment earnings					18,607	8,841	27,448
Miscellaneous					76,292	-	76,292
Total general revenues					<u>5,628,535</u>	<u>8,841</u>	<u>5,637,376</u>
Transfers					(16,100)	16,100	-
Total general revenues, contributions, and transfers					<u>5,612,435</u>	<u>24,941</u>	<u>5,637,376</u>
Change in net position					1,488,056	(51,692)	1,436,364
Net position, beginning, as restated (see Note 21)					4,659,908	4,220,042	8,879,950
Net position, ending					<u>\$ 6,147,964</u>	<u>\$ 4,168,350</u>	<u>\$ 10,316,314</u>

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

EXHIBIT C-1
TOWN OF BRISTOL, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2020

	General	Miscellaneous Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,972,616	\$ -	\$ 286,243	\$ 2,258,859
Investments	-	-	140,533	140,533
Taxes receivable	1,116,469	-	-	1,116,469
Accounts receivable (net)	175,533	-	1,050	176,583
Intergovernmental receivable	-	-	22,960	22,960
Interfund receivable	416,355	-	-	416,355
Prepaid items	21,642	-	-	21,642
Total assets	<u>\$ 3,702,615</u>	<u>\$ -</u>	<u>\$ 450,786</u>	<u>\$ 4,153,401</u>
LIABILITIES				
Accounts payable	\$ 101,920	\$ -	\$ -	\$ 101,920
Accrued salaries and benefits	90,710	-	-	90,710
Interfund payable	-	65,869	26,021	91,890
Short-term notes payable	1,500,000	-	-	1,500,000
Total liabilities	<u>1,692,630</u>	<u>65,869</u>	<u>26,021</u>	<u>1,784,520</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	176,759	-	-	176,759
Unavailable revenue - grants and donations	9,000	-	-	9,000
Total deferred inflows of resources	<u>185,759</u>	<u>-</u>	<u>-</u>	<u>185,759</u>
FUND BALANCES (DEFICIT)				
Nonspendable	21,642	-	51,420	73,062
Restricted	-	-	202,964	202,964
Committed	515,798	-	163,506	679,304
Assigned	512,939	-	6,875	519,814
Unassigned (deficit)	773,847	(65,869)	-	707,978
Total fund balances (deficit)	<u>1,824,226</u>	<u>(65,869)</u>	<u>424,765</u>	<u>2,183,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,702,615</u>	<u>\$ -</u>	<u>\$ 450,786</u>	<u>\$ 4,153,401</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, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$2,183,122
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 16,632,145	
Less accumulated depreciation	<u>(6,778,624)</u>	
		9,853,521
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	\$ 1,501,592	
Deferred inflows of resources related to pensions	(231,695)	
Deferred outflows of resources related to OPEB	25,392	
Deferred inflows of resources related to OPEB	<u>(1,109)</u>	
		1,294,180
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (91,890)	
Payables	<u>91,890</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.		166,262
Allowance for uncollectible property taxes that is recognized on the full accrual basis, but not on the modified accrual.		(137,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(25,400)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 962,658	
Capital leases	160,185	
Compensated absences	263,007	
Abatement settlement liability	80,857	
Net pension liability	5,295,488	
Other postemployment benefits	<u>424,526</u>	
		<u>(7,186,721)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 6,147,964</u></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, 2020

	General	Miscellaneous Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 4,429,163	\$ -	\$ -	\$ 4,429,163
Licenses and permits	903,314	-	-	903,314
Intergovernmental	470,014	1,592,000	-	2,062,014
Charges for services	496,229	-	105,868	602,097
Miscellaneous	64,700	-	30,199	94,899
Total revenues	<u>6,363,420</u>	<u>1,592,000</u>	<u>136,067</u>	<u>8,091,487</u>
EXPENDITURES				
Current:				
General government	1,599,855	-	465	1,600,320
Public safety	2,211,576	-	34,013	2,245,589
Highways and streets	644,261	-	-	644,261
Sanitation	304,889	-	-	304,889
Health	121,061	-	-	121,061
Welfare	18,246	-	-	18,246
Culture and recreation	379,530	-	12,640	392,170
Conservation	1,140	-	-	1,140
Economic development	40,937	-	-	40,937
Debt service:				
Principal	253,982	-	-	253,982
Interest	67,625	-	-	67,625
Capital outlay	439,044	1,617,947	13,593	2,070,584
Total expenditures	<u>6,082,146</u>	<u>1,617,947</u>	<u>60,711</u>	<u>7,760,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>281,274</u>	<u>(25,947)</u>	<u>75,356</u>	<u>330,683</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	25,947	57,198	93,145
Transfers out	(99,245)	-	(10,000)	(109,245)
Total other financing sources (uses)	<u>(89,245)</u>	<u>25,947</u>	<u>47,198</u>	<u>(16,100)</u>
Net change in fund balances	192,029	-	122,554	314,583
Fund balances (deficit), beginning	1,632,197	(65,869)	302,211	1,868,539
Fund balances (deficit), ending	<u>\$ 1,824,226</u>	<u>\$ (65,869)</u>	<u>\$ 424,765</u>	<u>\$ 2,183,122</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, 2020

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

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 314,583
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	\$ 1,845,066	
Depreciation expense	(432,233)	
		1,412,833
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (93,145)	
Transfers out	93,145	
		-
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	\$ (42,805)	
Change in allowance for uncollectible property taxes	(37,000)	
		(79,805)
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		
Repayment of bond/note principal	\$ 170,709	
Repayment of capital leases	83,273	
		253,982
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.		
Repayment of abatement settlement		53,905
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.		
Decrease in accrued interest expense	\$ 3,920	
Increase in compensated absences payable	(35,239)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(464,071)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	27,948	
		(467,442)
Changes in net position of governmental activities (Exhibit B)		\$ 1,488,056

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 4,395,445	\$ 4,395,445	\$ 4,349,358	\$(46,087)
Licenses and permits	820,749	820,749	903,314	82,565
Intergovernmental	371,818	503,904	470,014	(33,890)
Charges for services	576,555	576,555	496,229	(80,326)
Miscellaneous	25,060	25,060	61,723	36,663
Total revenues	<u>6,189,627</u>	<u>6,321,713</u>	<u>6,280,638</u>	<u>(41,075)</u>
EXPENDITURES				
Current:				
General government	1,546,521	1,551,713	1,600,760	(49,047)
Public safety	2,095,913	2,227,999	2,211,576	16,423
Highways and streets	986,629	986,629	910,491	76,138
Sanitation	346,762	346,762	304,889	41,873
Health	142,607	142,607	121,061	21,546
Welfare	35,084	35,084	18,246	16,838
Culture and recreation	405,263	405,263	385,930	19,333
Conservation	3,562	3,562	1,140	2,422
Economic development	35,937	35,937	40,937	(5,000)
Debt service:				
Principal	273,753	273,752	253,982	19,770
Interest	59,137	59,137	67,625	(8,488)
Capital outlay	116,700	485,883	456,730	29,153
Total expenditures	<u>6,047,868</u>	<u>6,554,328</u>	<u>6,373,367</u>	<u>180,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>141,759</u>	<u>(232,615)</u>	<u>(92,729)</u>	<u>139,886</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	72,041	446,415	384,374	(62,041)
Transfers out	(285,000)	(285,000)	(382,591)	(97,591)
Total other financing sources (uses)	<u>(212,959)</u>	<u>161,415</u>	<u>1,783</u>	<u>(159,632)</u>
Net change in fund balances	<u>\$ (71,200)</u>	<u>\$ (71,200)</u>	<u>(90,946)</u>	<u>\$(19,746)</u>
Decrease in nonspendable fund balance			7,204	
Unassigned fund balance, beginning			886,851	
Unassigned fund balance, ending			<u>\$ 803,109</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, 2020

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,299,987	\$ 945,936	\$ 2,245,923
Accounts receivable	110,505	130,403	240,908
Intergovernmental receivable	-	7,796	7,796
Inventory	19,719	1,165	20,884
Noncurrent assets:			
Intergovernmental receivable	-	179,848	179,848
Capital assets:			
Land and construction in progress	9,894	85,059	94,953
Other capital assets, net of depreciation	1,343,490	2,012,504	3,355,994
Total assets	<u>2,783,595</u>	<u>3,362,711</u>	<u>6,146,306</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	80,678	64,213	144,891
Amounts related to other postemployment benefits	1,364	1,086	2,450
Total deferred outflows of resources	<u>82,042</u>	<u>65,299</u>	<u>147,341</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,102	12,853	15,955
Accrued interest payable	8,419	10,049	18,468
Internal balances	44,240	280,225	324,465
Long term liabilities:			
Due within one year	48,087	69,227	117,314
Due in more than one year	792,092	834,540	1,626,632
Total liabilities	<u>895,940</u>	<u>1,206,894</u>	<u>2,102,834</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts related to pensions	12,448	9,908	22,356
Amounts related to other postemployment benefits	60	47	107
Total deferred inflows of resources	<u>12,508</u>	<u>9,955</u>	<u>22,463</u>
NET POSITION			
Net investment in capital assets	716,040	1,586,069	2,302,109
Unrestricted	1,241,149	625,092	1,866,241
Total net position	<u>\$ 1,957,189</u>	<u>\$ 2,211,161</u>	<u>\$ 4,168,350</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, 2020

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Operating revenues:			
User charges	\$ 440,277	\$ 462,872	\$ 903,149
Miscellaneous	32,571	2,758	35,329
Total operating revenues	<u>472,848</u>	<u>465,630</u>	<u>938,478</u>
Operating expenses:			
Salaries and wages	218,628	180,651	399,279
Operation and maintenance	165,924	256,742	422,666
Depreciation	83,417	92,107	175,524
Total operating expenses	<u>467,969</u>	<u>529,500</u>	<u>997,469</u>
Operating gain/(loss)	<u>4,879</u>	<u>(63,870)</u>	<u>(58,991)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	-	4,729	4,729
Investment income	5,404	3,437	8,841
Interest expense	(15,926)	(6,445)	(22,371)
Total nonoperating revenues (expenses)	<u>(10,522)</u>	<u>1,721</u>	<u>(8,801)</u>
Other financing sources:			
Transfers in	<u>1,254</u>	<u>14,846</u>	<u>16,100</u>
Change in net position	(4,389)	(47,303)	(51,692)
Net position, beginning, as restated (see Note 21)	<u>1,961,578</u>	<u>2,258,464</u>	<u>4,220,042</u>
Net position, ending	<u>\$ 1,957,189</u>	<u>\$ 2,211,161</u>	<u>\$ 4,168,350</u>

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, 2020

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 469,132	\$ 463,504	\$ 932,636
Payments to employees	(216,904)	(178,927)	(395,831)
Payments to suppliers	(151,480)	(176,133)	(327,613)
Net cash provided by operating activities	<u>100,748</u>	<u>108,444</u>	<u>209,192</u>
Cash flows from capital and related financing activities:			
Principal paid on bonds	(48,436)	(67,474)	(115,910)
Acquisition and construction of fixed assets	-	(6,878)	(6,878)
Interest paid	(16,563)	(7,387)	(23,950)
Intergovernmental	-	12,203	12,203
Interfund transfer	1,254	14,846	16,100
Net cash used for capital and related financing activities	<u>(63,745)</u>	<u>(54,690)</u>	<u>(118,435)</u>
Cash flows from investing activities:			
Investment income	<u>5,404</u>	<u>3,437</u>	<u>8,841</u>
Net increase in cash	42,407	57,191	99,598
Cash, beginning	1,257,580	888,745	2,146,325
Cash, ending	<u>\$ 1,299,987</u>	<u>\$ 945,936</u>	<u>\$ 2,245,923</u>

Reconciliation of Operating Gain/(Loss) to Net Cash Provided by Operating Activities

Operating gain/(loss)	\$ 4,879	\$ (63,870)	\$ (58,991)
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Depreciation expense	83,417	92,107	175,524
Changes in other receivables	(3,716)	(2,126)	(5,842)
Changes in inventory	4,819	(79)	4,740
Changes in deferred outflows of resources	(52,520)	(41,802)	(94,322)
Changes in accounts payable	3,102	12,853	15,955
Changes in internal balances	(16,503)	49,255	32,752
Changes in net pension liability	84,600	67,336	151,936
Changes in net OPEB liability	(1,488)	(931)	(2,419)
Changes in compensated absences payable	1,724	1,724	3,448
Changes in deferred inflows of resources	(7,566)	(6,023)	(13,589)
Total adjustments	<u>95,869</u>	<u>172,314</u>	<u>268,183</u>
Net cash provided by operating activities	<u>\$ 100,748</u>	<u>\$ 108,444</u>	<u>\$ 209,192</u>

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, 2020

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 98,644	\$ 3,204,687
LIABILITIES		
Intergovernmental payables:		
School	-	2,984,586
NET POSITION		
Restricted	\$ 98,644	\$ 220,101

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, 2020

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 700,000
Investment earnings	512	1,258
Tax collections for other governments	-	6,979,679
Total additions	512	7,680,937
DEDUCTIONS		
Scholarships paid	8,000	-
Payments for trust purposes	-	500,000
Payments of taxes to other governments	-	6,979,679
Payments for escrow purposes	-	122
Total deductions	8,000	7,479,801
Change in net position	(7,488)	201,136
Net position, beginning	106,132	18,965
Net position, ending	\$ 98,644	\$ 220,101

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, 2020

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting, and Measurement Focus	1-B
Cash and Cash Equivalents	1-C
Statement of Cash Flows	1-D
Investments	1-E
Receivables	1-F
Inventory	1-G
Prepaid Items	1-H
Capital Assets	1-I
Interfund Activities	1-J
Property Taxes	1-K
Accounts Payable	1-L
Deferred Outflows/Inflows of Resources	1-M
Long-term Obligations	1-N
Compensated Absences	1-O
Defined Benefit Pension Plan	1-P
Postemployment Benefits Other Than Pensions	1-Q
Net Position/Fund Balances	1-R
Use of Estimates	1-S
 Stewardship, Compliance, and Accountability	 2
Budgetary Information	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Deficit Fund Balance	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Other Receivables	6
Capital Assets	7
Interfund Balances and Transfers	8
Intergovernmental Payables	9
Deferred Outflows/Inflows of Resources	10
Lease Commitment	11
Capital Leases	12
Short-term Debt	13
Long-term Liabilities	14
Defined Benefit Pension Plan	15
Postemployment Benefits Other Than Pensions	16
New Hampshire Retirement System (NHRS)	16-A
Town of Bristol Retiree Health Benefit Program	16-B
Encumbrances	17
State Aid to Water Pollution Projects	18

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Net Position	19
Governmental Fund Balances	20
Prior Period Adjustment	21
Risk Management.....	22
Contingent Liabilities.....	23
COVID-19	24
Tax Abatements.....	25
Subsequent Events.....	26

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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.

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 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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 funds:

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.

Miscellaneous Capital Projects Fund – the miscellaneous capital project fund accounts for the activity pertaining to the construction/renovation of various Town projects, primarily the purchase and installation of the new fiber optic network.

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 eight 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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 expenses 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 funds 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 \$50,000 for infrastructure and \$5,000 for all other asset categories. Additionally, these assets must have an estimated useful life in excess of one year. 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:

Capital Asset Classes:	<u>Years</u>
Buildings and building improvements	15 - 40
Vehicles	5 - 15
Machinery and equipment	5 - 15
Infrastructure	20 - 50

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 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 9, 2020, and November 18, 2020, and due on July 12, 2020, and December 31, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on June 22, 2020.

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 Area School District, and Grafton County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$535,089,084
For all other taxes	\$557,750,184

The tax rates and amounts assessed for the year ended December 31, 2020, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 8.10	\$ 4,517,796
School portion:		
State of New Hampshire	1.87	1,001,030
Local	9.02	5,032,695
County portion	1.70	945,954
Total	\$ 20.69	\$11,497,475

1-L Accounts Payable

Accounts payable represent the gross number 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, 2020.

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 respective 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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 through the budgetary process.

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, taxes and ambulance receivables, and the useful lives of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, 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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 2020, none of the beginning general fund unassigned fund balance was applied for this purpose and \$71,200 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 each 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)	\$ 6,665,012
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended expendable trust funds	2,977
To eliminate transfers between general and expendable trust funds	(374,374)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	42,805
Change in allowance for uncollectible property taxes	37,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,373,420</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 6,755,958
Adjustment:	
Basis differences:	
Encumbrances, beginning	20,000
Encumbrances, ending	(313,981)
GASB Statement No. 54:	
To record expenditures of the blended expendable trust funds	2,760
To eliminate transfers between general and expendable trust funds	(283,346)
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,181,391</u>

2-C Deficit Fund Balances

The Miscellaneous Capital Projects fund had a deficit fund balance at December 31, 2020, of \$65,869. This deficit will be financed through future revenues of the fund that will be issued in the subsequent year.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 \$7,808,113 and the bank balances totaled \$7,944,427.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$4,504,782
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	3,303,331
Total cash and cash equivalents	<u>\$7,808,113</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. Since 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, 2020:

	Valuation Measurement Method	Reported Balance	1-5 Years	Exempt from Disclosure
Investments type:				
Certificates of deposit	Level 1	\$ 35,918	\$35,918	\$ -
Equity mutual funds	Level 1	55,954	-	55,954
Fixed income mutual funds	Level 2	48,661	-	48,661
Total fair value		<u>\$ 140,533</u>	<u>\$35,918</u>	<u>\$ 104,615</u>

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	\$ 35,918	\$ 35,918
Equity mutual funds	55,954	55,954
Fixed income mutual funds	48,661	48,661
Total	<u>\$ 140,533</u>	<u>\$ 140,533</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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 26% of the Town’s total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A) \$ 140,533

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$137,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 935,011	\$ 935,011
Unredeemed (under tax lien):		
Levy of 2019	86,894	86,894
Levy of 2018	48,431	48,431
Levies of 2017 and prior	46,133	46,133
Less: allowance for estimated uncollectible taxes	(137,000) *	-
Net taxes receivable	<u>\$ 979,469</u>	<u>\$ 1,116,469</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 I-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2020, 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, 2020 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	\$ 253,170	\$ 1,050	\$ 254,220	\$ 110,505	\$ 130,403	\$ 240,908
Intergovernmental	-	22,960	22,960	-	187,644	187,644
Gross receivables	253,170	24,010	277,180	110,505	318,047	428,552
Less: allowance for uncollectibles	(77,637)	-	(77,637)	-	-	-
Net total receivables	<u>\$ 175,533</u>	<u>\$ 24,010</u>	<u>\$ 199,543</u>	<u>\$ 110,505</u>	<u>\$ 318,047</u>	<u>\$ 428,552</u>

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 780,101	\$ 143,000	\$ -	\$ 923,101
Construction in progress	196,626	13,593	(210,219)	-
Total capital assets not being depreciated	<u>976,727</u>	<u>156,593</u>	<u>(210,219)</u>	<u>923,101</u>
Being depreciated:				
Buildings and building improvements	2,862,608	-	-	2,862,608
Vehicles	3,739,938	255,781	(225,000)	3,770,719
Machinery and equipment	174,087	39,000	-	213,087
Infrastructure	7,258,719	1,603,911	-	8,862,630
Total capital assets being depreciated	<u>14,035,352</u>	<u>1,898,692</u>	<u>(225,000)</u>	<u>15,709,044</u>
Total all capital assets	<u>15,012,079</u>	<u>2,055,285</u>	<u>(435,219)</u>	<u>16,632,145</u>
Less accumulated depreciation:				
Buildings and building improvements	(528,258)	(61,292)	-	(589,550)
Vehicles	(1,918,254)	(212,941)	225,000	(1,906,195)
Machinery and equipment	(84,097)	(9,188)	-	(93,285)
Infrastructure	(4,040,782)	(148,812)	-	(4,189,594)
Total accumulated depreciation	<u>(6,571,391)</u>	<u>(432,233)</u>	<u>225,000</u>	<u>(6,778,624)</u>
Net book value, capital assets being depreciated	<u>7,463,961</u>	<u>1,466,459</u>	<u>-</u>	<u>8,930,420</u>
Net book value, all governmental activities capital assets	<u>\$8,440,688</u>	<u>\$1,623,052</u>	<u>\$(210,219)</u>	<u>\$9,853,521</u>
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 9,894	\$ -	\$ -	\$ 9,894
Construction in progress	78,181	6,878	-	85,059
Total capital assets not being depreciated	<u>88,075</u>	<u>6,878</u>	<u>-</u>	<u>94,953</u>
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	<u>10,302,812</u>	<u>-</u>	<u>-</u>	<u>10,302,812</u>
Total all capital assets	<u>10,390,887</u>	<u>6,878</u>	<u>-</u>	<u>10,397,765</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,050,633)	(21,977)	-	(2,072,610)
Machinery and equipment	(1,827,117)	(50,962)	-	(1,878,079)
Infrastructure	(2,893,544)	(102,585)	-	(2,996,129)
Total accumulated depreciation	<u>(6,771,294)</u>	<u>(175,524)</u>	<u>-</u>	<u>(6,946,818)</u>
Net book value, capital assets being depreciated	<u>3,531,518</u>	<u>(175,524)</u>	<u>-</u>	<u>3,355,994</u>
Net book value, all business-type activities capital assets	<u>\$3,619,593</u>	<u>\$ (168,646)</u>	<u>\$ -</u>	<u>\$3,450,947</u>

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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	\$ 51,820
Public safety	145,800
Highways and streets	215,181
Culture and recreation	19,432
Total depreciation expense	\$ 432,233
 Business-type activities:	
Water	\$ 83,417
Sewer	92,107
Total depreciation expense	\$ 175,524

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Miscellaneous capital projects	\$ 65,869
	Water	44,240
	Sewer	280,225
	Nonmajor	26,021
		\$ 416,355

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.

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	Transfers In:					Total
	General Fund	Miscellaneous Capital Projects Fund	Water Fund	Sewer Fund	Nonmajor Fund	
Transfers out:						
General fund	\$ -	\$ 25,947	\$ 1,254	\$ 14,846	\$ 57,198	\$ 99,245
Nonmajor fund	10,000	-	-	-	-	10,000
Total	\$ 10,000	\$ 25,947	\$ 1,254	\$ 14,846	\$ 57,198	\$ 109,245

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, 2020, consist of the following:

Taxes due to the Newfound Area School District	Fiduciary Funds \$2,984,586
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TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 15	\$ 1,501,592	\$ 80,678	\$ 64,213	\$ 144,891
Amounts related to OPEB, see Note 16	25,392	1,364	1,086	2,450
Total deferred outflows of resources	<u>\$ 1,526,984</u>	<u>\$ 82,042</u>	<u>\$ 65,299</u>	<u>\$ 147,341</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	\$ -	\$ 166,262	\$ -	\$ -	\$ -
Property taxes collected in advance of eligible warrant	10,497	10,497	-	-	-
Grants and donations received in advance of related expenditures	9,000	9,000	-	-	-
Amounts related to pensions, see Note 15	231,695	-	12,448	9,908	22,356
Amounts related to OPEB, see Note 16	1,109	-	60	47	107
Total deferred inflows of resources	<u>\$ 252,301</u>	<u>\$ 185,759</u>	<u>\$ 12,508</u>	<u>\$ 9,955</u>	<u>\$ 22,463</u>

NOTE 11 – LEASE COMMITMENT

On November 25, 2019, the Town of Bristol (the Town), the lessor, entered into a lease agreement with BP Bristol LLC (Barrington Power), the lessee. As the lessor, the Town agreed to lease the lessee a portion of the property at 180 Ayers Island Road for a term of 25 years (one year with twenty-four renewals periods), with reasonable access rights across said property, for the purpose of construction, operating and maintaining a solar powered electric generation facility. Through a Power Purchase Agreement (PPA), the Town will receive 100% of the electric power generated by the facility. The lessee will sign a PILOT agreement which will be consistent with statewide standards. The rate paid for the electricity generated by the facility will be initially set at 9.75 cents per kilowatt hour. After the first full year of operation, the rate paid will rise at the rate of 1.50% per year and each year thereafter during the term of this agreement. The lessee will be entitled to any financial benefits that accrue to ownership of the facility. The lessor will have two options to buy out the facility, one at the end of the sixth year of operation and the other at the end of the fifteenth year. The price for the buyout will be set by an independent appraiser mutually agreed upon by the parties and in conformity with the criteria set by the Internal Revenue Service for an “arm length” transaction.

NOTE 12 – 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, 2020
Capital lease obligations:		
Pumper/tanker Fire Truck	2.67%	\$ 69,077
Tractor	4.24%	91,108
Total capital lease obligations		<u>\$ 160,185</u>

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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	<u>605,388</u>
Less: accumulated depreciation	105,080
Total capital lease vehicles	<u>\$ 500,308</u>

The annual requirements to amortize the capital leases payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 90,703
2022	20,242
2023	<u>60,241</u>
Total requirements	171,186
Less: interest	11,001
Present value of remaining payments	<u>\$ 160,185</u>

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

NOTE 13 – SHORT-TERM DEBT

Changes in the Town's short-term operational and capital borrowings during the year ended December 31, 2020, consisted of the following:

Governmental Activities	Original Issue	Interest Rate	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Tax anticipation note 1	\$ 1,000,000	1.82%	\$ 750,000	\$ -	\$ (750,000)	\$ -
Tax anticipation note 2	1,250,000	1.99%	-	1,250,000	(1,250,000)	-
Tax anticipation note 3	1,500,000	1.75%	-	1,500,000	-	1,500,000
General obligation note 1	1,400,000	1.65%	-	1,400,000	(1,400,000)	-
Tax anticipation note 4	500,000	1.65%	-	500,000	(500,000)	-
Total short-term borrowings	<u>\$ 5,650,000</u>		<u>\$ 750,000</u>	<u>\$ 4,650,000</u>	<u>\$(3,900,000)</u>	<u>\$ 1,500,000</u>

The purpose of the short-time borrowings was to provide for interim financing of general fund operations and resources for various capital improvement projects.

NOTE 14 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental activities:					
Bonds/notes payable	\$ 1,133,367	\$ -	\$ (170,709)	\$ 962,658	\$ 172,755
Capital leases	243,458	-	(83,273)	160,185	85,456
Compensated absences	227,768	35,239	-	263,007	-
Abatement settlement liability*	134,762	-	(53,905)	80,857	53,905
Net pension liability	3,720,875	1,574,613	-	5,295,488	-
Net other postemployment benefits	444,682	-	(20,156)	424,526	-
Total long-term liabilities	<u>\$ 5,904,912</u>	<u>\$ 1,609,852</u>	<u>\$ (328,043)</u>	<u>\$ 7,186,721</u>	<u>\$ 312,116</u>

(Continued)

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Long-term liabilities continued:

	Balance			Balance	
	January 1, 2020	Additions	Reductions	December 31, 2020	Due Within One Year
Business-type activities:					
Bonds/notes payable	\$ 1,264,748	\$ -	\$ (115,910)	\$ 1,148,838	\$ 117,314
Compensated absences	38,176	3,447	-	41,623	-
Net pension liability	359,032	151,936	-	510,968	-
Net other postemployment benefits	44,935	109	(2,527)	42,517	-
Total long-term liabilities	<u>\$ 1,706,891</u>	<u>\$ 155,492</u>	<u>\$ (118,437)</u>	<u>\$ 1,743,946</u>	<u>\$ 117,314</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 semi-annual 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, 2020 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, 2020
General obligation bonds/notes payable:					
Library Project	\$ 888,000	2012	2022	2.12	\$ 177,600
Central Square Project	\$ 415,650	2012	2027	2.54	190,163
Town Hall Building	\$ 649,637	2018	2029	3.75	594,895
Total					<u>\$ 962,658</u>

Business-type activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020
General obligation bonds/notes payable:					
SRF Drinking Water	\$ 1,191,000	2012	2031	3.10	\$ 385,980
Central Square Project	\$ 399,350	2012	2027	2.54	190,172
Wastewater Dewatering Treatment Facility	\$ 305,000	2017	2024	2.55	174,286
2019 Bond Refunding	\$ 429,500	2019	2039	3.33	398,400
Total					<u>\$ 1,148,838</u>

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2020, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	92,966	15,411	108,377
2026-2029	343,160	29,688	372,848
Totals	<u>\$ 962,658</u>	<u>\$ 142,365</u>	<u>\$ 1,105,023</u>

(Continued)

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

General obligation bonds/notes outstanding continued:

Business-type activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	81,041	24,056	105,097
2026-2030	355,048	81,448	436,496
2031-2035	160,293	26,762	187,055
2036-2039	72,001	3,840	75,841
Totals	<u>\$ 1,148,838</u>	<u>\$ 274,188</u>	<u>\$ 1,423,026</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

NOTE 15 – 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 – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$408,425, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2020 the Town reported a liability of \$5,806,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Town’s proportion was .09078047% which was an increase of .00598829% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$913,177. At December 31, 2020 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	\$ 346,466	\$ 191,706
Changes in assumptions	574,374	-
Net difference between projected and actual investment earnings on pension plan investments	359,136	-
Differences between expected and actual experience	156,802	62,345
Contributions subsequent to the measurement date	209,705	-
Total	\$ 1,646,483	\$ 254,051

The \$209,705 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, 2021. 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,	
2021	\$ 236,285
2022	321,269
2023	302,251
2024	322,922
2025	-
Thereafter	-
Totals	\$ 1,182,727

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

- Inflation: 2.0%
- Salary increases: 5.6% average, including inflation
- Wage inflation: 2.75% (2.25% for teachers)
- Investment rate of return: 6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. 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 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 4,408,717	\$ 5,806,456	\$ 7,516,997

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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	\$ 1,501,592	\$ 5,295,488	\$ 231,695
Business-type activities	144,891	510,968	22,356
Total	\$ 1,646,483	\$ 5,806,456	\$ 254,051

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

16-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.

Maximum medical subsidy rates paid during fiscal year 2020 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 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$45,140, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2020, the Town reported a liability of \$419,819 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020, the Town’s proportion was .09591271% which was an increase of .00043754% from its proportion measured as of June 30, 2019.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

For the year ended December 31, 2020, the Town recognized OPEB expense of \$37,194. At December 31, 2020, 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	\$ 239	\$ -
Changes in assumptions	2,699	-
Differences between expected and actual experience	1,571	1,216
Contributions subsequent to the measurement date	23,333	-
Total	\$ 27,842	\$ 1,216

The \$23,333 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, 2021. 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,	
2021	\$ 1,841
2022	465
2023	554
2024	433
2025	-
Thereafter	-
Totals	\$ 3,293

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

Inflation:	2.0%	
Salary increases:	5.6 % average, including inflation	
Wage inflation:	2.75 % (2.25%) for teachers	
Investment rate of return:	6.75 % net of OPEB plan investment expense, including inflation for determining solvency contributions	

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

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, 2016 – June 30, 2019.

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. 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.

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 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 455,879	\$ 419,819	\$ 388,511

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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	\$ 25,392	\$ 382,875	\$ 1,109
Business-type activities	2,450	36,944	107
Total	\$ 27,842	\$ 419,819	\$ 1,216

16-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.

Employees Covered by Benefit Terms – At December 31, 2020 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 \$47,223 was measured as of December 31, 2020, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$47,223 in the December 31, 2020, 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	4.90%
Second Year Trend	4.80%
Decrement	0.10%
Ultimate Trend	4.30%
Year Ultimate Trend is Reached	2030
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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Changes in the Total OPEB Liability

	December 31,	
	2019	2020
OPEB liability beginning of year	\$ 231,962	\$ 71,042
Changes for the year:		
Service cost	54,540	54,540
Interest	11,460	5,023
Assumption changes and difference between actual and expected experience	(226,920)	(83,382)
OPEB liability end of year	\$ 71,042	\$ 47,223

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The December 31, 2020, 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 \$46,999. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$47,451.

	Discount Rate		
	1% Decrease	3.00%	1% Increase
Total OPEB Liability	\$ 47,451	\$ 47,223	\$ 46,999

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The December 31, 2020, actuarial valuation was prepared using an initial trend rate of 4.9%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$47,448. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$46,997.

	Healthcare Cost Trend Rates		
	1% Decrease	4.90%	1% Increase
Total OPEB Liability	\$ 46,997	\$ 47,223	\$ 47,448

Allocation of net OPEB liability is as follows:

	Net OPEB Liability
Governmental activities	\$ 41,651
Business-type activities	5,572
Total	\$ 47,223

NOTE 17 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

General fund:	
General government	\$ 13,000
Highways and streets	266,230
Culture and recreation	6,400
Capital outlay	28,351
Total encumbrances	\$ 313,981

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 18 – 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
C-692 Chlorination / Dechlorination Facilities	\$ 82,270
C-854 Wastewater Treatment Plant Improvements	215,962
Total	\$ 298,232

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, 2020 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Principal	Interest	Total
2021	\$ 7,796	\$ 4,570	\$ 12,366
2022	7,942	4,401	12,343
2023	8,032	4,217	12,249
2024	8,216	4,016	12,232
2025	8,524	3,803	12,327
2026-2030	45,728	15,641	61,369
2031-2035	44,810	9,325	54,135
2036-2040	39,505	4,687	44,192
2041-2042	17,091	533	17,624
Total	\$187,644	\$ 51,193	\$ 238,837

NOTE 19 – NET POSITION

Net position reported on the government wide and fiduciary funds Statements of Net Position at December 31, 2020 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	\$ 9,853,521	\$ 3,450,947	\$ 13,304,468	\$ -
Less:				
General obligation bonds/notes payable	(962,658)	(1,148,838)	(2,111,496)	-
Capital leases payable	(160,185)	-	(160,185)	-
Total net investment in capital assets	8,730,678	2,302,109	11,032,787	-
Restricted net position:				
Permanent fund principal	51,420	-	51,420	-
Permanent fund income	4,600	-	4,600	-
Library	198,364	-	198,364	-
Individuals, organizations and other governments	-	-	-	318,745
Total restricted net position	254,384	-	254,384	318,745
Unrestricted	(2,837,098)	1,866,241	(970,857)	-
Total net position	\$ 6,147,964	\$ 4,168,350	\$ 10,316,314	\$ 318,745

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 20 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Miscellaneous Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 21,642	\$ -	\$ -	\$ 21,642
Permanent fund - principal balance	-	-	51,420	51,420
Total nonspendable fund balance	<u>21,642</u>	<u>-</u>	<u>51,420</u>	<u>73,062</u>
Restricted:				
Library	-	-	198,364	198,364
Permanent - income balance	-	-	4,600	4,600
Total restricted fund balance	<u>-</u>	<u>-</u>	<u>202,964</u>	<u>202,964</u>
Committed:				
Expendable trust funds	490,373	-	-	490,373
Non-lapsing appropriations	25,425	-	-	25,425
Police details	-	-	5,464	5,464
Conservation	-	-	2,324	2,324
Transfer station	-	-	32,677	32,677
Ambulance	-	-	123,041	123,041
Total committed fund balance	<u>515,798</u>	<u>-</u>	<u>163,506</u>	<u>679,304</u>
Assigned:				
Encumbrances	313,981	-	-	313,981
Abatement contingency	198,958	-	-	198,958
Other special revenue funds	-	-	6,875	6,875
Total assigned fund balance	<u>512,939</u>	<u>-</u>	<u>6,875</u>	<u>519,814</u>
Unassigned (deficit)	<u>773,847</u>	<u>(65,869)</u>	<u>-</u>	<u>707,978</u>
Total governmental fund balances (deficit)	<u>\$ 1,824,226</u>	<u>\$ (65,869)</u>	<u>\$ 424,765</u>	<u>\$ 2,183,122</u>

NOTE 21 – PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2020, was restated to give retroactive effect to the following prior period adjustment:

	Business-type Activities	Sewer Fund
To record long-term State aid receivable, not previously reported	\$ 159,688	\$ 159,688
Net position, as previously reported	4,060,354	2,098,776
Net position, as restated	<u>\$ 4,220,042</u>	<u>\$ 2,258,464</u>

NOTE 22 – 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 2020, 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, 2020, to December 31, 2020, 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

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 2020 the Town paid \$68,199 and \$74,721 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 23 – 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 24 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$1,729,000. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 25 – 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 take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. There were no tax abatement programs identified that would require disclosure.

NOTE 26 – 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 September 1, 2021, the date the December 31, 2020 financial statements were available to be issued, and the following event occurred that require recognition or disclosure:

At the 2021 Annual Town Meeting, held on March 13, 2021, the residents of the Town approved two warrant articles appropriating the use of December 31, 2020, surplus (fund balance) to set aside funds for contingency purposes(\$25,000) and to fund the Patriotic, Recreation, and Special Events Expendable Trust Fund (\$12,000).

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, 2020

	December 31,					
	2015	2016	2017	2018	2019	2020
Town's:						
Proportion of the net pension liability	0.08542126%	0.08727626%	0.08378561%	0.09081510%	0.08479218%	0.09078047%
Proportionate share of the net pension liability	\$ 3,383,986	\$ 4,640,998	\$ 4,120,569	\$ 4,372,952	\$ 4,079,907	\$ 5,806,456
Covered payroll	\$ 1,673,364	\$ 1,643,663	\$ 1,738,206	\$ 1,833,863	\$ 2,018,727	\$ 2,207,475
Proportionate share of the net pension liability as a percentage of its covered payroll	202.23%	282.36%	237.06%	238.46%	202.10%	263.04%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

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, 2020

	December 31,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 302,864	\$ 279,557	\$ 352,952	\$ 373,491	\$ 369,000	\$ 403,285
Contributions in relation to the contractually required contributions	302,864	279,557	352,952	373,491	369,000	403,285
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	<u>\$ 1,716,043</u>	<u>\$ 1,572,353</u>	<u>\$ 1,917,358</u>	<u>\$ 1,973,785</u>	<u>\$ 2,149,494</u>	<u>\$ 2,244,917</u>
Contributions as a percentage of covered payroll	17.65%	17.78%	18.41%	18.92%	17.17%	17.96%

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

***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, 2020. 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 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% 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. Based on the 2010-215 experience study.
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 2010-2015 experience study.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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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, 2020

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.06821658%	0.06378766%	0.10385916%	0.09547517%	0.09591271%
Town's proportionate share of the net OPEB liability (asset)	\$ 330,240	\$ 291,659	\$ 475,516	\$ 418,574	\$ 419,819
Town's covered payroll	\$ 1,643,663	\$ 1,738,206	\$ 1,833,863	\$ 2,018,727	\$ 2,207,475
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%	19.02%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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, 2020

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 39,638	\$ 37,807	\$ 45,940	\$ 44,439	\$ 44,520
Contributions in relation to the contractually required contribution	39,638	37,807	45,940	44,439	44,520
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,572,353	\$ 1,917,358	\$ 1,973,785	\$ 2,149,494	\$ 2,244,917
Contributions as a percentage of covered payroll	2.52%	1.97%	2.33%	2.07%	1.98%

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, 2020

	December 31,		
	2018	2019	2020
OPEB liability, beginning of year	\$ 334,416	\$ 231,962	\$ 71,042
Changes for the year:			
Service cost	54,540	54,540	54,540
Interest	27,795	11,460	5,023
Assumption changes and difference between actual and expected experience	(184,789)	(226,920)	(83,382)
OPEB liability, end of year	<u>\$ 231,962</u>	<u>\$ 71,042</u>	<u>\$ 47,223</u>
Covered payroll	<u>\$2,586,106</u>	<u>\$2,663,689</u>	<u>\$2,767,090</u>
Total OPEB liability as a percentage of covered payroll	8.97%	2.67%	1.71%

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, 2020

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, 2020. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2/0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

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 (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
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 2010-2015 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, 2020. 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.

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, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,310,085	\$ 4,270,941	\$ (39,144)
Yield	6,500	6,726	226
Payment in lieu of taxes	16,860	16,508	(352)
Interest and penalties on taxes	62,000	55,183	(6,817)
Total from taxes	<u>4,395,445</u>	<u>4,349,358</u>	<u>(46,087)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	71,549	69,333	(2,216)
Motor vehicle permit fees	685,000	731,441	46,441
Building permits	6,000	9,678	3,678
Other	58,200	92,862	34,662
Total from licenses, permits, and fees	<u>820,749</u>	<u>903,314</u>	<u>82,565</u>
Intergovernmental:			
State:			
Shared revenues	63,945	63,945	-
Meals and rooms distribution	158,083	158,083	-
Highway block grant	94,366	94,355	(11)
Water pollution grants	12,203	-	(12,203)
State and federal forest land reimbursement	45	45	-
Flood control reimbursement	12,101	11,555	(546)
Other	-	5,031	5,031
Federal:			
Other	163,161	137,000	(26,161)
Total from intergovernmental	<u>503,904</u>	<u>470,014</u>	<u>(33,890)</u>
Charges for services:			
Income from departments	576,555	496,229	(80,326)
Miscellaneous:			
Interest on investments	10,000	2,513	(7,487)
Other	15,060	59,210	44,150
Total from miscellaneous	<u>25,060</u>	<u>61,723</u>	<u>36,663</u>
Other financing sources:			
Transfers in	446,415	384,374	(62,041)
Total revenues and other financing sources	6,768,128	<u>\$ 6,665,012</u>	<u>\$ (103,116)</u>
Amounts voted from fund balance	71,200		
Total revenues, other financing sources, and use of fund balance	<u>\$ 6,839,328</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, 2020

	Encumbered		Expenditures	Encumbered		Variance Positive (Negative)
	from Prior Year	Appropriations		to Subsequent Year		
Current:						
General government:						
Executive	\$ -	\$ 200,605	\$ 204,018	\$ -	\$ (3,413)	
Election and registration	-	84,524	76,826	-	7,698	
Financial administration	-	175,544	164,644	-	10,900	
Revaluation of property	-	102,473	94,285	-	8,188	
Legal	-	70,000	130,349	-	(60,349)	
Personnel administration	-	553,463	535,557	-	17,906	
Planning and zoning	-	25,902	11,685	13,000	1,217	
General government buildings	9,335	249,400	279,525	-	(20,790)	
Cemeteries	-	250	20	-	230	
Insurance, not otherwise allocated	-	48,717	49,642	-	(925)	
Advertising and regional associations	-	11,347	10,391	-	956	
Other	-	29,488	40,153	-	(10,665)	
Total general government	9,335	1,551,713	1,597,095	13,000	(49,047)	
Public safety:						
Police	-	1,215,859	1,227,874	-	(12,015)	
Fire	-	991,139	963,247	-	27,892	
Emergency management	-	1,001	455	-	546	
Other	-	20,000	20,000	-	-	
Total public safety	-	2,227,999	2,211,576	-	16,423	
Highways and streets:						
Administration	-	542,866	509,209	-	33,657	
Highways and streets	-	413,263	98,921	266,230	48,112	
Bridges	-	500	-	-	500	
Other	-	30,000	36,131	-	(6,131)	
Total highways and streets	-	986,629	644,261	266,230	76,138	
Sanitation:						
Solid waste disposal	-	346,762	304,889	-	41,873	
Health:						
Administration	-	108,807	87,566	-	21,241	
Pest control	-	400	95	-	305	
Health agencies	-	33,400	33,400	-	-	
Total health	-	142,607	121,061	-	21,546	
Welfare:						
Administration and direct assistance	-	11,184	12,135	-	(951)	
Vendor payments and other	-	23,900	6,111	-	17,789	
Total welfare	-	35,084	18,246	-	16,838	
Culture and recreation:						
Parks and recreation	-	149,904	149,075	6,400	(5,571)	
Library	-	208,719	199,948	-	8,771	
Patriotic purposes	-	46,640	30,507	-	16,133	
Total culture and recreation	-	405,263	379,530	6,400	19,333	
Conservation	-	3,562	1,140	-	2,422	
Economic development	-	35,937	40,937	-	(5,000)	

(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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	273,752	253,982	-	19,770
Interest on long-term debt	-	58,886	62,239	-	(3,353)
Interest on tax anticipation notes	-	251	5,386	-	(5,135)
Total debt service	-	332,889	321,607	-	11,282
Capital outlay	10,665	485,883	439,044	28,351	29,153
Other financing uses:					
Transfers out	-	285,000	382,591	-	(97,591)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 20,000	\$ 6,839,328	\$ 6,461,977	\$ 313,981	\$ 83,370

SCHEDULE 3
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 886,851
Changes:		
Amounts voted from fund balance		(71,200)
2020 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (103,116)	
Unexpended balance of appropriations (Schedule 2)	83,370	
2020 Budget deficit		(19,746)
Decrease in nonspendable fund balance		<u>7,204</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		803,109
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(166,262)
Elimination of the allowance for uncollectible taxes		<u>137,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 773,847</u></u>

SCHEDULE 4
TOWN OF BRISTOL, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Funds					Capital Project Fund	Permanent Fund	Total	
	Library	Police Details	Conservation	Transfer Station	Ambulance	Other Special Revenue Funds			Multi-Use Path
ASSETS									
Cash and cash equivalents	\$ 57,831	\$ 7,475	\$ 2,324	\$ 32,677	\$ 123,041	\$ 6,875	\$ -	\$ 56,020	\$ 286,243
Investments	140,533	-	-	-	-	-	-	-	140,533
Accounts receivable	-	1,050	-	-	-	-	-	-	1,050
Intergovernmental receivables	-	-	-	-	-	-	22,960	-	22,960
Total assets	\$ 198,364	\$ 8,525	\$ 2,324	\$ 32,677	\$ 123,041	\$ 6,875	\$ 22,960	\$ 56,020	\$ 450,786
LIABILITIES									
Interfund payable	\$ -	\$ 3,061	\$ -	\$ -	\$ -	\$ -	\$ 22,960	\$ -	\$ 26,021
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	51,420	51,420
Restricted	198,364	-	-	-	-	-	-	4,600	202,964
Committed	-	5,464	2,324	32,677	123,041	-	-	-	163,506
Assigned	-	-	-	-	-	6,875	-	-	6,875
Total fund balances	198,364	5,464	2,324	32,677	123,041	6,875	-	56,020	424,765
Total liabilities and fund balances	\$ 198,364	\$ 8,525	\$ 2,324	\$ 32,677	\$ 123,041	\$ 6,875	\$ 22,960	\$ 56,020	\$ 450,786

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, 2020

	Special Revenue Funds					Other Special Revenue Funds	Capital Project Funds	Permanent Fund	Total
	Library	Police Details	Conservation	Transfer Station	Ambulance		Multi-Use Path		
REVENUES									
Charges for services	\$ -	\$45,868	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 105,868
Miscellaneous	29,045	60	8	27	252	524	-	283	30,199
Total revenues	29,045	45,928	8	27	60,252	524	-	283	136,067
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	465	465
Public safety	-	33,796	-	-	-	217	-	-	34,013
Culture and recreation	12,640	-	-	-	-	-	-	-	12,640
Capital outlay	-	-	-	-	-	-	13,593	-	13,593
Total expenditures	12,640	33,796	-	-	-	217	13,593	465	60,711
Excess (deficiency) of revenues over (under) expenditures	16,405	12,132	8	27	60,252	307	(13,593)	(182)	75,356
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	57,198	-	57,198
Transfers out	-	(10,000)	-	-	-	-	-	-	(10,000)
Total other financing sources (uses)	-	(10,000)	-	-	-	-	57,198	-	47,198
Net change in fund balances	16,405	2,132	8	27	60,252	307	43,605	(182)	122,554
Fund balances (deficit), beginning	181,959	3,332	2,316	32,650	62,789	6,568	(43,605)	56,202	302,211
Fund balances, ending	\$ 198,364	\$ 5,464	\$ 2,324	\$ 32,677	\$ 123,041	\$ 6,875	\$ -	\$ 56,020	\$ 424,765

SCHEDULE 6
TOWN OF BRISTOL, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2020

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ASSETS				
Cash and cash equivalents	\$ 2,984,586	\$ 220,101	\$ -	\$ 3,204,687
LIABILITIES				
Intergovernmental payables:				
School	2,984,586	-	-	2,984,586
NET POSITION				
Restricted	\$ -	\$ 220,101	\$ -	\$ 220,101

SCHEDULE 7
TOWN OF BRISTOL, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ADDITIONS				
Contributions	\$ -	\$ 700,000	\$ -	\$ 700,000
Investment earnings	-	1,257	1	1,258
Tax collections for other governments	6,979,679	-	-	6,979,679
Total additions	<u>6,979,679</u>	<u>701,257</u>	<u>1</u>	<u>7,680,937</u>
DEDUCTIONS				
Payments for trust purposes	-	500,000	-	500,000
Payments of taxes to other governments	6,979,679	-	-	6,979,679
Payments for escrow purposes	-	-	122	122
Total deductions	<u>6,979,679</u>	<u>500,000</u>	<u>122</u>	<u>7,479,801</u>
Change in net position	-	201,257	(121)	201,136
Net position, beginning	-	18,844	121	18,965
Net position, ending	<u>\$ -</u>	<u>\$ 220,101</u>	<u>\$ -</u>	<u>\$ 220,101</u>

***SINGLE AUDIT ACT SCHEDULES
AND INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Bristol's basic financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Sheryl A. Pratt, CPA

PLODZIK & SANDERSON
Professional Association

September 1, 2021



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Bristol's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of Bristol's major federal program for the year ended December 31, 2020. The Town of Bristol's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Bristol's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bristol's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town of Bristol's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Bristol complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Town of Bristol is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bristol's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bristol's internal control over compliance.

***Town of Bristol
Independent Auditor's Report on Compliance for Each Major Federal Program and report on Internal
Control over Compliance Required by the Uniform Guidance***

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

September 1, 2021



PLODZIK & SANDERSON
Professional Association

SCHEDULE II
TOWN OF BRISTOL, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TREASURY				
Passed Through the State of New Hampshire Governor's Office for Emergency Relief and Recovery (GOFERR)				
COVID-19 - Coronavirus Relief Fund:				
First Responder Stipend	21.019	N/A	\$ -	\$ 58,000
Municipal Aid	21.019	N/A	-	74,086
Passed Through the State of New Hampshire Governor's Office of Strategic Initiatives				
Emergency Broadband Expansion	21.019	N/A	-	1,592,000
<i>PROGRAM TOTAL</i>			-	1,724,086
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through the New Hampshire Secretary of State's Office				
COVID-19 - HAVA Election Security Grants	90.404	NH20101CARES	-	4,914
Total Expenditures of Federal Awards			\$ -	\$ 1,729,000

The accompanying notes are an integral part of this schedule.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Town of Bristol under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Bristol, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Bristol.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Town of Bristol has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.