

**TOWN OF BRISTOL,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Bristol as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 governmental and proprietary fund, and aggregate remaining fund information of the Town of Bristol, as of December 31, 2021, and the respective changes in financial position, where applicable cash flows thereof, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town of Bristol and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town of Bristol's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bristol's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Town of Bristol
Independent Auditor's Report***

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bristol's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bristol's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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

Such information is the responsibility of management and, 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.

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

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

September 12, 2022

*Blodzik & 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, 2021.

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, and
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 \$10,902,428 (i.e., net position), a change of (\$526,133) in comparison to the prior year as restated.

As of the close of the current year, governmental funds reported ending fund balances of \$2,410,719, a change of (\$167,616) in comparison to the prior year as restated.

At the end of the current year, unassigned fund balance for the general fund was \$1,036,439, a change of (\$202,611) in comparison to the prior year as restated.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position of the Town of Bristol as of December 31, 2021 are as follows:

	<u>GOVERNMENTAL ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 5,711,403	\$ 3,924,511	\$ 1,786,892	45.53%
Capital assets, net of depreciation	9,978,549	9,853,521	125,028	1.27%
Total assets	<u>15,689,952</u>	<u>13,778,032</u>	<u>1,911,920</u>	<u>13.88%</u>
Deferred outflows of resources	<u>944,384</u>	<u>1,526,984</u>	<u>(582,600)</u>	<u>-38.15%</u>
Long-term liabilities outstanding	5,613,961	7,186,721	(1,572,760)	-21.88%
Other liabilities	<u>3,065,446</u>	<u>1,718,030</u>	<u>1,347,416</u>	<u>78.43%</u>
Total Liabilities	<u>8,679,407</u>	<u>8,904,751</u>	<u>(225,344)</u>	<u>-2.53%</u>
Deferred inflows of resources	<u>1,348,384</u>	<u>252,301</u>	<u>1,096,083</u>	<u>434.43%</u>
Net investment in capital assets	8,909,742	8,730,678	179,064	2.05%
Restricted net position	266,155	254,384	11,771	4.63%
Unrestricted net position	<u>(2,569,352)</u>	<u>(2,837,098)</u>	<u>267,746</u>	<u>-9.44%</u>
Total net position	<u>\$ 6,606,545</u>	<u>\$ 6,147,964</u>	<u>\$ 458,581</u>	<u>7.46%</u>

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

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 2,394,905	\$ 2,370,894	\$ 24,011	1.01%
Capital assets, net of depreciation	3,524,597	3,450,947	73,650	2.13%
Total assets	<u>5,919,502</u>	<u>5,821,841</u>	<u>97,661</u>	<u>1.68%</u>
Deferred outflows of resources	<u>91,125</u>	<u>147,341</u>	<u>(56,216)</u>	<u>-38.15%</u>
Long-term liabilities outstanding	1,495,468	1,743,946	(248,478)	-14.25%
Other liabilities	106,712	34,423	72,289	210.00%
Total Liabilities	<u>1,602,180</u>	<u>1,778,369</u>	<u>(176,189)</u>	<u>-9.91%</u>
Deferred inflows of resources	<u>112,564</u>	<u>22,463</u>	<u>90,101</u>	<u>401.11%</u>
Net investment in capital assets	2,493,072	2,302,109	190,963	8.30%
Unrestricted net position	1,802,811	1,866,241	(63,430)	-3.40%
Total net position	<u>\$ 4,295,883</u>	<u>\$ 4,168,350</u>	<u>\$ 127,533</u>	<u>3.06%</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 \$10,902,428, a change of (\$526,133) from the prior year as restated.

The largest portion of net position, \$11,402,814 reflects our investment in capital assets (e.g.), land buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

An additional portion of net position \$266,155, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$766,541) may be used to meet governments ongoing obligations to citizens and creditors:

	<u>GOVERNMENTAL ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$ 1,969,444	\$ 1,913,832	\$ 55,612	2.91%
Public safety	2,388,829	2,773,295	(384,466)	-13.86%
Highways and streets	1,271,014	893,679	377,335	42.22%
Sanitation	336,966	304,736	32,230	10.58%
Health	121,858	125,722	(3,864)	-3.07%
Welfare	12,135	18,246	(6,111)	-33.49%
Culture and recreation	430,468	426,139	4,329	1.02%
Conservation	1,988	1,140	848	74.39%
Economic development	36,789	40,937	(4,148)	-10.13%
Interest on short-term debt	53,406	63,705	(10,299)	-16.17%
Transfers	16,600	16,100	500	3.11%
Total expenditures	<u>6,639,497</u>	<u>6,577,531</u>	<u>61,966</u>	<u>0.94%</u>
Program revenues:				
Charges for services	760,654	602,097	158,557	26.33%
Operating grants and contributions	107,757	242,955	(135,198)	-55.65%
Capital grants and contributions	136,639	1,592,000	(1,455,361)	-91.42%
General revenues:				
Property taxes and other taxes	4,628,133	4,463,244	164,889	3.69%
Motor vehicle permit fees	809,415	731,441	77,974	10.66%
Licenses and other fees	183,037	171,873	11,164	6.50%
Grants and contributions not related to a specific program	343,385	227,059	116,326	51.23%
Unrestricted investment earnings	14,734	18,607	(3,873)	-20.81%
Miscellaneous	54,343	76,292	(21,949)	-28.77%
Total revenues	<u>7,038,097</u>	<u>8,125,568</u>	<u>\$ (1,087,471)</u>	<u>-13.38%</u>
Beginning net position, as restated	6,207,945	4,659,908		
Ending net position	<u>6,606,545</u>	<u>6,207,945</u>		
Change in net position	<u>\$ 398,600</u>	<u>\$ 1,548,037</u>		

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

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
Sanitation	\$ 484,245	\$ 535,945	\$ (51,700)	-9.65%
Water	462,902	483,895	(20,993)	-4.34%
Total expenditures	<u>947,147</u>	<u>1,019,840</u>	<u>(72,693)</u>	<u>-7.13%</u>
Program revenues:				
Charges for services	1,051,100	938,478	112,622	12.00%
Operating grants and contributions	4,680	4,729	(49)	-1.04%
General revenues:				
Unrestricted investment earnings	2,300	8,841	(6,541)	-73.98%
Transfers	16,600	16,100	500	3.11%
Total revenues	<u>1,074,680</u>	<u>968,148</u>	<u>\$ 106,032</u>	<u>10.95%</u>
Beginning net position, as restated	4,168,350	4,220,042		
Ending net position	4,295,883	4,168,350		
Change in net position	<u>\$ 127,533</u>	<u>\$ (51,692)</u>		

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Purchase of horizontal bailer, skid steer and other improvements at the Transfer Station. Construct a salt and sand shed at the Highway Department. Fire Department purchase of portable radios, charges and programming. 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 \$13,503,146 (net of accumulated depreciation) a change of (\$198,678) 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.

Town of Bristol, New Hampshire

Management's Discussion and Analysis

Long Term debt

At the end of the current year, total long-term Governmental activities debt outstanding was \$796,708, and Business-type activities long term debt outstanding was \$1,031,525. 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

	2021	2020	Change	% Change
At cost:				
Not being depreciated:				
Land	\$ 923,101	\$ 923,101	\$ -	0.00%
Construction in progress	49,050	-	49,050	100.00%
Total capital assets not being depreciated	972,151	923,101	49,050	5.31%
Being depreciated:				
Buildings and building improvements	3,042,608	2,862,608	180,000	6.29%
Vehicles	3,770,719	3,770,719	-	0.00%
Machinery and equipment	327,249	213,087	114,162	53.58%
Infrastructure	9,086,804	8,862,630	224,174	2.53%
Total capital assets being depreciated	16,227,380	15,709,044	518,336	3.30%
Total all capital assets	17,199,531	16,632,145	567,386	3.41%
Less accumulated depreciation:				
Buildings and building improvements	(650,842)	(589,550)	(61,292)	10.40%
Vehicles	(1,915,383)	(1,906,195)	(9,188)	0.48%
Machinery and equipment	(250,202)	(93,285)	(156,917)	168.21%
Infrastructure	(4,404,555)	(4,189,594)	(214,961)	5.13%
Total accumulated depreciation	(7,220,982)	(6,778,624)	(442,358)	6.53%
Net book value, capital assets being depreciated	9,006,398	8,930,420	75,978	0.85%
Net book value, all capital assets	\$ 9,978,549	\$ 9,853,521	\$ 125,028	1.27%

BUSINESS-TYPE ACTIVITIES

	2021	2020	Change	% Change
At cost:				
Not being depreciated:				
Land	\$ 9,894	\$ 9,894	\$ -	0.00%
Construction in progress	292,836	85,059	207,777	244.27%
Total capital assets not being depreciated	302,730	94,953	207,777	218.82%
Being depreciated:				
Buildings and building improvements	2,841,560	2,841,560	-	0.00%
Machinery and equipment	2,046,743	2,024,141	22,602	1.12%
Infrastructure	5,437,111	5,437,111	-	0.00%
Total capital assets being depreciated	10,325,414	10,302,812	22,602	0.22%
Total all capital assets	10,628,144	10,397,765	230,379	2.22%
Less accumulated depreciation:				
Buildings and building improvements	(2,094,588)	(2,072,610)	(21,978)	1.06%
Machinery and equipment	(1,908,157)	(1,878,079)	(30,078)	1.60%
Infrastructure	(3,100,802)	(2,996,129)	(104,673)	3.49%
Total accumulated depreciation	(7,103,547)	(6,946,818)	(156,729)	2.26%
Net book value, capital assets being depreciated	3,221,867	3,355,994	(134,127)	-4.00%
Net book value, all capital assets	\$ 3,524,597	\$ 3,450,947	\$ 73,650	2.13%

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

<u>GOVERNMENTAL ACTIVITIES</u>				
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Notes/loans payable - direct borrowings	\$ 796,708	\$ 962,658	\$ (165,950)	-17.24%
Capital Leases	272,099	160,185	111,914	69.87%
Compensated absences	249,522	263,007	(13,485)	-5.13%
Abatement settlement liability	26,952	80,857	(53,905)	-66.67%
Net pension liability	3,664,950	5,295,488	(1,630,538)	-30.79%
Net otherpostemployment benefits	603,730	424,526	179,204	42.21%
Total	<u>\$ 5,613,961</u>	<u>\$ 7,186,721</u>	<u>\$ (1,572,760)</u>	<u>-21.88%</u>

<u>BUSINESS-TYPE ACTIVITIES</u>				
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Bonds payable - direct placements	\$ 649,725	\$ 750,438	\$ (100,713)	-13.42%
Notes/loans payable - direct borrowings	381,800	398,400	(16,600)	-4.17%
Compensated absences	44,565	41,623	2,942	7.07%
Net pension liability	353,636	510,968	(157,332)	-30.79%
Net otherpostemployment benefits	65,743	42,517	23,226	54.63%
Total	<u>\$ 1,495,469</u>	<u>\$ 1,743,946</u>	<u>\$ (248,477)</u>	<u>-14.25%</u>

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,060,496	\$ 2,293,496	\$ 6,353,992
Investments	155,328	-	155,328
Taxes receivables (net)	725,037	-	725,037
Account receivables (net)	221,419	258,623	480,042
Intergovernmental receivable	167,639	179,848	347,487
Internal balances	361,975	(361,975)	-
Inventory	-	24,913	24,913
Prepaid items	7,829	-	7,829
Capital assets:			
Land and construction in progress	972,151	302,730	1,274,881
Other capital assets, net of depreciation	9,006,398	3,221,867	12,228,265
Total assets	15,689,952	5,919,502	21,609,454
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	925,133	89,268	1,014,401
Amounts related to other postemployment benefits	19,251	1,857	21,108
Total deferred outflows of resources	944,384	91,125	1,035,509
LIABILITIES			
Accounts payable	132,306	74,821	207,127
Accrued salaries and benefits	161,267	13,771	175,038
Retainage payable	6,422	-	6,422
Accrued interest payable	14,912	16,811	31,723
Intergovernmental payable	2,750,539	1,309	2,751,848
Long-term liabilities:			
Due within one year	262,775	119,644	382,419
Due in more than one year	5,351,186	1,375,824	6,727,010
Total liabilities	8,679,407	1,602,180	10,281,587
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	2,446	-	2,446
Unavailable revenue - Grants and donations	179,371	-	179,371
Amounts related to pensions	1,162,107	112,133	1,274,240
Amounts related to other postemployment benefits	4,460	431	4,891
Total deferred inflows of resources	1,348,384	112,564	1,460,948
NET POSITION			
Net investment in capital assets	8,909,742	2,493,072	11,402,814
Restricted	266,155	-	266,155
Unrestricted	(2,569,352)	1,802,811	(766,541)
Total net position	\$ 6,606,545	\$ 4,295,883	\$ 10,902,428

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

EXHIBIT B
TOWN OF BRISTOL, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2021

	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	\$ 1,969,444	\$ 7,271	\$ -	\$ 136,639	\$ (1,825,534)	\$ -	\$ (1,825,534)
Public safety	2,388,829	664,173	16,184	-	(1,708,472)	-	(1,708,472)
Highways and streets	1,271,014	8,588	91,528	-	(1,170,898)	-	(1,170,898)
Sanitation	336,966	80,262	-	-	(256,704)	-	(256,704)
Health	121,858	-	-	-	(121,858)	-	(121,858)
Welfare	12,135	-	-	-	(12,135)	-	(12,135)
Culture and recreation	430,468	360	-	-	(430,108)	-	(430,108)
Conservation	1,988	-	45	-	(1,943)	-	(1,943)
Economic development	36,789	-	-	-	(36,789)	-	(36,789)
Interest on long-term debt	53,406	-	-	-	(53,406)	-	(53,406)
Total governmental activities	6,622,897	760,654	107,757	136,639	(5,617,847)	-	(5,617,847)
Business-type activities:							
Water	462,902	513,075	-	-	-	50,173	50,173
Sewer	484,245	538,025	4,680	-	-	58,460	58,460
Total business-type activities	947,147	1,051,100	4,680	-	-	108,633	108,633
Total	\$ 7,570,044	\$ 1,811,754	\$ 112,437	\$ 136,639	(5,617,847)	108,633	(5,509,214)
General revenues:							
Taxes:							
Property					4,552,979	-	4,552,979
Other					75,154	-	75,154
Motor vehicle permit fees					809,415	-	809,415
Licenses and other fees					183,037	-	183,037
Grants and contributions not restricted to specific programs					343,385	-	343,385
Unrestricted investment earnings					14,734	2,300	17,034
Miscellaneous					54,343	-	54,343
Total general revenues					6,033,047	2,300	6,035,347
Transfers					(16,600)	16,600	-
Total general revenues, contributions, and transfers					6,016,447	18,900	6,035,347
Change in net position					398,600	127,533	526,133
Net position, beginning as restated (see Note 21)					6,207,945	4,168,350	10,376,295
Net position, ending					\$ 6,606,545	\$ 4,295,883	\$ 10,902,428

EXHIBIT C-1
TOWN OF BRISTOL, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,732,322	\$ 328,174	\$ 4,060,496
Investments	-	155,328	155,328
Taxes receivable	829,037	-	829,037
Accounts receivable (net)	214,984	6,435	221,419
Intergovernmental receivable	31,000	136,639	167,639
Interfund receivable	573,401	7,040	580,441
Prepaid items	7,829	-	7,829
Tax deeded property, subject to resale	11,680	-	11,680
Total assets	<u>\$ 5,400,253</u>	<u>\$ 633,616</u>	<u>\$ 6,033,869</u>
LIABILITIES			
Accounts payable	\$ 132,306	\$ -	\$ 132,306
Accrued salaries and benefits	161,267	-	161,267
Retainage payable	6,422	-	6,422
Intergovernmental payable	2,750,539	-	2,750,539
Interfund payable	-	218,466	218,466
Total liabilities	<u>3,050,534</u>	<u>218,466</u>	<u>3,269,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	174,779	-	174,779
Unavailable revenue - grants and donations	162,060	17,311	179,371
Total deferred inflows of resources	<u>336,839</u>	<u>17,311</u>	<u>354,150</u>
FUND BALANCES (DEFICIT)			
Nonspendable	19,509	51,420	70,929
Restricted	-	214,735	214,735
Committed	433,202	190,696	623,898
Assigned	523,730	6,857	530,587
Unassigned (deficit)	1,036,439	(65,869)	970,570
Total fund balances	<u>2,012,880</u>	<u>397,839</u>	<u>2,410,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,400,253</u>	<u>\$ 633,616</u>	<u>\$ 6,033,869</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, 2021

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

Total fund balances of governmental funds (Exhibit C-1)	\$ 2,410,719
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Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.

Cost	\$ 17,199,531	
Less accumulated depreciation	(7,220,982)	
		9,978,549

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	\$ 925,133	
Deferred inflows of resources related to pensions	(1,162,107)	
Deferred outflows of resources related to OPEB	19,251	
Deferred inflows of resources related to OPEB	(4,460)	
		(222,183)

Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.

Receivables	\$ (218,466)	
Payables	218,466	
		-

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.	172,333
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Allowance for uncollectible property taxes that is recognized on the full accrual basis, but not on the modified accrual.	(104,000)
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Interest on long-term debt is not accrued in governmental funds.	
Accrued interest payable	(14,912)

Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.

Notes/loans payable - direct borrowings	\$ 796,708	
Capital leases	272,099	
Compensated absences	249,522	
Abatement settlement liability	26,952	
Net pension liability	3,664,950	
Other postemployment benefits	603,730	
		(5,613,961)

Net position of governmental activities (Exhibit A)	\$ 6,606,545
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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, 2021

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,535,157	\$ -	\$ 4,535,157
Licenses and permits	992,452	-	992,452
Intergovernmental	448,122	139,659	587,781
Charges for services	658,656	101,998	760,654
Miscellaneous	30,401	38,676	69,077
Total revenues	6,664,788	280,333	6,945,121
EXPENDITURES			
Current:			
General government	1,654,536	22	1,654,558
Public safety	2,296,232	43,194	2,339,426
Highways and streets	1,074,166	-	1,074,166
Sanitation	336,241	-	336,241
Health	122,639	-	122,639
Welfare	12,135	-	12,135
Culture and recreation	407,214	15,707	422,921
Conservation	1,988	-	1,988
Economic development	36,789	-	36,789
Debt service:			
Principal	258,211	-	258,211
Interest	57,089	-	57,089
Capital outlay	417,938	224,174	642,112
Total expenditures	6,675,178	283,097	6,958,275
Excess (deficiency) of revenues over (under) expenditures	(10,390)	(2,764)	(13,154)
OTHER FINANCING SOURCES (USES)			
Transfers in	32,500	74,207	106,707
Transfers out	(90,807)	(32,500)	(123,307)
Capital leases	197,370	-	197,370
Total other financing sources (uses)	139,063	41,707	180,770
Net change in fund balances	128,673	38,943	167,616
Fund balances, beginning, as restated (see Note 21)	1,884,207	358,896	2,243,103
Fund balances, ending	\$ 2,012,880	\$ 397,839	\$ 2,410,719

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, 2021

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

Net change in fund balances of governmental funds (Exhibit C-3) \$ 167,616

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	\$ 669,313	
Depreciation expense	(539,278)	
		130,035

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (5,007)

Transfers in and out between governmental funds are eliminated on the Statement of Activities.

Transfers in	\$ (106,707)	
Transfers out	106,707	
		-

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	\$ 6,071	
Change in allowance for uncollectible property taxes	33,000	
		39,071

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of debt	\$ (544,911)	
Inception of capital leases	(197,370)	
Repayment of note/loan principal	710,861	
Repayment of capital leases	85,456	
		54,036

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
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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	\$ 10,488	
Decrease in compensated absences payable	13,485	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	123,667	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	(188,696)	
		(41,056)

Changes in net position of governmental activities (Exhibit B)		\$ 398,600
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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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,512,693	\$ 4,512,693	\$ 4,574,228	\$ 61,535
Licenses and permits	851,399	851,399	992,452	141,053
Intergovernmental	348,563	421,145	448,122	26,977
Charges for services	520,616	520,616	658,656	138,040
Miscellaneous	29,760	29,760	28,192	(1,568)
Total revenues	<u>6,263,031</u>	<u>6,335,613</u>	<u>6,701,650</u>	<u>366,037</u>
EXPENDITURES				
Current:				
General government	1,594,191	1,594,191	1,641,536	(47,345)
Public safety	2,224,126	2,309,559	2,219,787	89,772
Highways and streets	1,039,199	1,039,199	960,741	78,458
Sanitation	303,254	303,254	336,241	(32,987)
Health	139,557	139,557	122,639	16,918
Welfare	40,084	40,084	12,135	27,949
Culture and recreation	389,816	411,051	400,814	10,237
Conservation	3,562	3,562	1,988	1,574
Economic development	31,099	31,099	36,789	(5,690)
Debt service:				
Principal	277,817	277,817	258,211	19,606
Interest	53,498	53,498	57,089	(3,591)
Capital outlay	244,328	351,152	389,587	(38,435)
Total expenditures	<u>6,340,531</u>	<u>6,554,023</u>	<u>6,437,557</u>	<u>116,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,500)</u>	<u>(218,410)</u>	<u>264,093</u>	<u>482,503</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	62,500	203,410	213,880	10,470
Transfers out	<u>(122,000)</u>	<u>(122,000)</u>	<u>(212,807)</u>	<u>(90,807)</u>
Total other financing sources (uses)	<u>(59,500)</u>	<u>81,410</u>	<u>1,073</u>	<u>(80,337)</u>
Net change in fund balances	<u>\$ (137,000)</u>	<u>\$ (137,000)</u>	<u>265,166</u>	<u>\$ 402,166</u>
Decrease in nonspendable fund balance			2,133	
Increase in committed fund balance			(25,617)	
Unassigned fund balance, beginning, as restated (see Note 21)			863,090	
Unassigned fund balance, ending			<u>\$ 1,104,772</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, 2021

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,438,758	\$ 854,738	\$ 2,293,496
Accounts receivable	119,846	138,777	258,623
Intergovernmental receivable	-	7,942	7,942
Inventory	23,850	1,063	24,913
Noncurrent assets:			
Intergovernmental receivable	-	171,906	171,906
Capital assets:			
Land and construction in progress	9,894	292,836	302,730
Other capital assets, net of depreciation	1,279,735	1,942,132	3,221,867
Total assets	<u>2,872,083</u>	<u>3,409,394</u>	<u>6,281,477</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	49,706	39,562	89,268
Amounts related to other postemployment benefits	1,034	823	1,857
Total deferred outflows of resources	<u>50,740</u>	<u>40,385</u>	<u>91,125</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,856	67,965	74,821
Accrued salaries and benefits	7,644	6,127	13,771
Accrued interest payable	7,739	9,072	16,811
Intergovernmental	-	1,309	1,309
Internal balances	111,795	250,180	361,975
Long term liabilities:			
Due within one year	49,017	70,627	119,644
Due in more than one year	668,382	707,442	1,375,824
Total liabilities	<u>851,433</u>	<u>1,112,722</u>	<u>1,964,155</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts related to pensions	62,438	49,695	112,133
Amounts related to other postemployment benefits	240	191	431
Total deferred inflows of resources	<u>62,678</u>	<u>49,886</u>	<u>112,564</u>
NET POSITION			
Net investment in capital assets	826,220	1,666,852	2,493,072
Unrestricted	1,182,492	620,319	1,802,811
Total net position	<u>\$ 2,008,712</u>	<u>\$ 2,287,171</u>	<u>\$ 4,295,883</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, 2021

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Operating revenues:			
User charges	\$ 487,589	\$ 533,906	\$ 1,021,495
Miscellaneous	25,486	4,119	29,605
Total operating revenues	<u>513,075</u>	<u>538,025</u>	<u>1,051,100</u>
Operating expenses:			
Salaries and wages	225,558	182,826	408,384
Operation and maintenance	137,025	227,184	364,209
Depreciation	86,357	70,372	156,729
Total operating expenses	<u>448,940</u>	<u>480,382</u>	<u>929,322</u>
Operating gain	<u>64,135</u>	<u>57,643</u>	<u>121,778</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	-	4,680	4,680
Investment income	1,350	950	2,300
Interest expense	(13,962)	(3,863)	(17,825)
Total nonoperating revenues (expenses)	<u>(12,612)</u>	<u>1,767</u>	<u>(10,845)</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>16,600</u>	<u>16,600</u>
Change in net position	51,523	76,010	127,533
Net position, beginning	<u>1,957,189</u>	<u>2,211,161</u>	<u>4,168,350</u>
Net position, ending	<u>\$ 2,008,712</u>	<u>\$ 2,287,171</u>	<u>\$ 4,295,883</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, 2021

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 503,734	\$ 529,651	\$ 1,033,385
Payments to employees	(216,443)	(175,228)	(391,671)
Payments to suppliers	(64,541)	(193,802)	(258,343)
Net cash provided by operating activities	222,750	160,621	383,371
Cash flows from capital and related financing activities:			
Principal paid on bonds	(48,085)	(69,228)	(117,313)
Acquisition and construction of fixed assets	(22,602)	(207,777)	(230,379)
Interest paid	(14,642)	(4,840)	(19,482)
Intergovernmental	-	12,476	12,476
Interfund transfer	-	16,600	16,600
Net cash used for capital and related financing activities	(85,329)	(252,769)	(338,098)
Cash flows from investing activities:			
Investment income	1,350	950	2,300
Net increase (decrease) in cash	138,771	(91,198)	47,573
Cash, beginning	1,299,987	945,936	2,245,923
Cash, ending	\$ 1,438,758	\$ 854,738	\$ 2,293,496

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities

Operating gain	\$ 64,135	\$ 57,643	\$ 121,778
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Depreciation expense	86,357	70,372	156,729
Changes in other receivables	(9,341)	(8,374)	(17,715)
Changes in inventory	(4,131)	102	(4,029)
Changes in deferred outflows of resources	31,302	24,914	56,216
Changes in accounts payable	3,754	55,112	58,866
Changes in accrued payroll	7,644	6,127	13,771
Changes in intergovernmental payables	-	1,309	1,309
Changes in internal balances	67,555	(30,045)	37,510
Changes in net pension liability	(87,605)	(69,727)	(157,332)
Changes in net OPEB liability	11,439	11,786	23,225
Changes in compensated absences payable	1,471	1,471	2,942
Changes in deferred inflows of resources	50,170	39,931	90,101
Total adjustments	158,615	102,978	261,593
Net cash provided by operating activities	\$ 222,750	\$ 160,621	\$ 383,371

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, 2021

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 91,250	\$ 220,350
Intergovernmental receivable	-	2,750,404
Total assets	<u>91,250</u>	<u>2,970,754</u>
LIABILITIES		
Intergovernmental payables:		
School	<u>-</u>	<u>2,750,404</u>
NET POSITION		
Restricted	<u>\$ 91,250</u>	<u>\$ 220,350</u>

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, 2021

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Contributions	\$ 1,000	\$ -
Investment earnings	106	249
Tax collections for other governments	-	6,618,892
Other	-	263,394
Total additions	<u>1,106</u>	<u>6,882,535</u>
DEDUCTIONS		
Scholarships paid	8,500	-
Payments of taxes to other governments	-	6,618,892
Payments of motor vehicles fees to State	-	263,394
Total deductions	<u>8,500</u>	<u>6,882,286</u>
Change in net position	(7,394)	249
Net position, beginning	98,644	220,101
Net position, ending	<u>\$ 91,250</u>	<u>\$ 220,350</u>

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
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DECEMBER 31, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

Capital Project Fund – the 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.

Permanent Funds – 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 report 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.

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

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.

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

1-F Receivables

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

1-G Inventory

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

1-H Prepaid Items

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

1-I Capital Assets

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

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$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:

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

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.

TOWN OF BRISTOL, NEW HAMPSHIRE
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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 20, 2021 and November 9, 2021, and due on July 1, 2021 and December 28, 2021. 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 2020 on April 21, 2021.

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, 2021 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$537,938,018
For all other taxes	\$559,000,718

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 8.30	\$ 4,639,125
School portion:		
State of New Hampshire	1.87	1,004,148
Local	8.43	4,715,092
County portion	1.61	899,652
Total	<u>\$ 20.21</u>	<u>\$11,258,017</u>

1-L Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2021.

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.

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 Statements of Net Position.

TOWN OF BRISTOL, NEW HAMPSHIRE
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In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

Direct Borrowings – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

Direct Placements – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

I-O Compensated Absences

General leave for the Town includes vacation, sick and personal time pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy/handbook.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

I-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.

I-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.

I-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, loans or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

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

Assigned – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen 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
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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$100,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$37,000 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)	\$ 6,915,530
Adjustments:	
Basis differences:	
Inception of capital leases	197,370
GASB Statement No. 54:	
To record revenue of the blended expendable trust funds	2,209
To eliminate transfers between the blended general and expendable trust funds	(181,380)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(6,071)
Change in allowance for uncollectible property taxes	(33,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,894,658</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 6,650,364
Adjustments:	
Basis differences:	
Inception of capital leases	197,370
Encumbrances, beginning	313,981
Encumbrances, ending	(273,730)
GASB Statement No. 54:	
To eliminate transfers between the blended general and expendable trust funds	(122,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,765,985</u>

2-C Deficit Fund Balances

The Miscellaneous Capital Projects fund had a deficit fund balance of \$65,869 at December 31, 2021. This deficit will be financed through appropriated transfers from the general fund in subsequent periods.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2021, the reported amount of the Town's deposits was \$6,665,592 and the bank balance was \$8,484,950. Of the bank balance \$8,484,499 was covered by federal depository insurance or by collateral held by the pledging bank in the Town's name, and \$451 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$6,353,992
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	311,600
Total cash and cash equivalents	<u>\$6,665,592</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, 2021:

	Valuation Measurement Method	Reported Balance	1-5 Years	Exempt from Disclosure
Investments type:				
Certificates of deposit	Level 1	\$ 36,203	\$36,203	\$ -
Equity mutual funds	Level 1	63,498	-	63,498
Fixed income mutual funds	Level 2	55,627	-	55,627
Total fair value		<u>\$ 155,328</u>	<u>\$36,203</u>	<u>\$ 119,125</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 United States Treasurer 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 and 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	\$ 36,203	\$ 36,203
Equity mutual funds	63,498	63,498
Fixed income mutual funds	55,627	55,627
Total	<u>\$ 155,328</u>	<u>\$ 155,328</u>

**Per Moody's*

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.

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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 23% of the Town’s total investments.

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$104,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$ 687,136	\$ 687,136
Unredeemed (under tax lien):		
Levy of 2020	68,307	68,307
Levy of 2019	34,954	34,954
Levies of 2018 and prior	38,640	38,640
Less: allowance for estimated uncollectible taxes	(104,000) *	-
Net taxes receivable	<u>\$ 725,037</u>	<u>\$ 829,037</u>

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

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2021, 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, 2021 for the Town’s individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds						Fiduciary Funds
	Governmental Activities	Business-type Activities	General Fund	Miscellaneous Capital Projects	Nonmajor Funds	Total	
Receivables:							
Accounts	\$ 293,346	\$ 258,623	\$ 286,911	\$ -	\$ 6,435	\$ 293,346	\$ -
Intergovernmental	167,639 ¹	179,848	31,000	-	-	31,000	2,750,404 ²
Gross receivables	460,985	438,471	317,911	-	6,435	324,346	2,750,404
Less: allowance for uncollectibles	(71,927)	-	(71,927)	-	-	(71,927)	-
Net total receivables	<u>\$ 389,058</u>	<u>\$ 438,471</u>	<u>\$ 245,984</u>	<u>\$ -</u>	<u>\$ 6,435</u>	<u>\$ 252,419</u>	<u>\$ 2,750,404</u>

1. Business-type Activities - Intergovernmental receivable which represents State Aid for projects, see additional information in Note 18.
2. Fiduciary Funds- Intergovernmental receivables represent property taxes collected on behalf of the Newfound Area School District. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 9.

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 923,101	\$ -	\$ -	\$ 923,101
Construction in progress	-	49,050	-	49,050
Total capital assets not being depreciated	923,101	49,050	-	972,151
Being depreciated:				
Buildings and building improvements	2,862,608	180,000	-	3,042,608
Vehicles	3,770,719	-	-	3,770,719
Machinery and equipment	213,087	216,089	(101,927)	327,249
Infrastructure	8,862,630	224,174	-	9,086,804
Total capital assets being depreciated	15,709,044	620,263	(101,927)	16,227,380
Total all capital assets	16,632,145	669,313	(101,927)	17,199,531
Less accumulated depreciation:				
Buildings and building improvements	(589,550)	(61,292)	-	(650,842)
Vehicles	(1,906,195)	(9,188)	-	(1,915,383)
Machinery and equipment	(93,285)	(253,837)	96,920	(250,202)
Infrastructure	(4,189,594)	(214,961)	-	(4,404,555)
Total accumulated depreciation	(6,778,624)	(539,278)	96,920	(7,220,982)
Net book value, capital assets being depreciated	8,930,420	80,985	(5,007)	9,006,398
Net book value, all governmental activities capital assets	\$9,853,521	\$ 130,035	\$ (5,007)	\$9,978,549
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 9,894	\$ -	\$ -	\$ 9,894
Construction in progress	85,059	207,777	-	292,836
Total capital assets not being depreciated	94,953	207,777	-	302,730
Being depreciated:				
Buildings and building improvements	2,841,560	-	-	2,841,560
Machinery and equipment	2,024,141	22,602	-	2,046,743
Infrastructure	5,437,111	-	-	5,437,111
Total capital assets being depreciated	10,302,812	22,602	-	10,325,414
Total all capital assets	10,397,765	230,379	-	10,628,144
Less accumulated depreciation:				
Buildings and building improvements	(2,072,610)	(21,978)	-	(2,094,588)
Machinery and equipment	(1,878,079)	(30,078)	-	(1,908,157)
Infrastructure	(2,996,129)	(104,673)	-	(3,100,802)
Total accumulated depreciation	(6,946,818)	(156,729)	-	(7,103,547)
Net book value, capital assets being depreciated	3,355,994	(134,127)	-	3,221,867
Net book value, all business-type activities capital assets	\$3,450,947	\$ 73,650	\$ -	\$3,524,597

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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	\$ 120,452
Public safety	163,245
Highways and streets	236,150
Culture and recreation	19,431
Total depreciation expense	<u>\$ 539,278</u>
Business-type activities:	
Water	\$ 86,357
Sewer	70,372
Total depreciation expense	<u>\$ 156,729</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Miscellaneous capital projects	\$ 209,548
	Water	111,795
	Sewer	243,140
	Nonmajor	8,918
Miscellaneous capital projects	Sewer	7,040
		<u>\$ 580,441</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2021 is as follows:

	Transfers In:			
	General Fund	Miscellaneous Capital Projects Fund	Sewer Fund	Total
Transfers out:				
General fund	\$ -	\$ 74,207	\$ 16,600	\$ 90,807
Nonmajor fund	32,500	-	-	32,500
Total	<u>\$ 32,500</u>	<u>\$ 74,207</u>	<u>\$ 16,600</u>	<u>\$ 123,307</u>

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

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NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2021 consist of the following:

	Business-type Activities	Governmental Fund General	Fiduciary Funds
Disposal fees due to the Town of Merrimack	\$ 1,309	\$ -	\$ -
Property taxes due to the custodial funds	- 3	2,750,404	-
Property taxes due to the Newfound Area School District	- 4	-	2,750,404
Balance of fees due to the State of New Hampshire	-	135	-
Total intergovernmental payables due	\$ 1,309	\$2,750,539	\$2,750,404

3. Property taxes due to the custodial funds represent amounts collected by the Town on behalf of the Newfound Area School District and are reported as a component of general fund cash at year-end.
4. Property taxes due to the Newfound Area School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities and Proprietary Funds		
		Water	Sewer	Totals
Amounts related to pensions, see Note 15	\$ 925,133	\$ 49,706	\$ 39,562	\$ 89,268
Amounts related to OPEB, see Note 16	19,251	1,034	823	1,857
Total deferred outflows of resources	\$ 944,384	\$ 50,740	\$ 40,385	\$ 91,125

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund	Nonmajor	Business-type Activities and Proprietary Funds		
				Water	Sewer	Totals
Property taxes not collected within 60 days of fiscal year-end	\$ -	\$172,333	\$ -	\$ -	\$ -	\$ -
Property taxes collected in advance of eligible warrant	2,446	2,446	-	-	-	-
Grants and donations received in advance of related expenditures	179,371	162,060	17,311	-	-	-
Amounts related to pensions, see Note 15	1,162,107	-	-	62,438	49,695	112,133
Amounts related to OPEB, see Note 16	4,460	-	-	240	191	431
Total deferred inflows of resources	\$1,348,384	\$336,839	\$ 17,311	\$62,678	\$49,886	\$112,564

NOTE 11 – HUB66 AGREEMENTS

In October of 2021, the Town entered into various agreements with Hub66 for them to use, manage, service, maintain, control and acquire the Town's fiber optic system in an effort to assist Hub66 with the creation of its own Town-wide high-speed fiber optic system. In order to acquire the Town funded portion of the fiber optic network, Hub66 shall construct and install new fiber lines and corresponding facilities to buildout its high-speed fiber optic network within the Town over a period of up to five years. By January 1st of each calendar year (starting January 1, 2023) Hub66 shall provide proof of completion of the construction. If completed per the terms of the agreement, the Town will transfer, by February 1st of every applicable calendar year, a portion (20%) of its aerial fiber network that corresponds with the completed section of the Hub66 network. Upon completion of the last phase (year 5) the Town shall convey all if its rights, title and interest in all remaining portions of the Town's fiber optic communication system to Hub66.

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Additionally, the Town entered into a one year lease agreement with Hub66, with an extension of four years that was approved at the 2022 Annual Town Meeting to lease space in the Town offices to Hub66. In lieu of monetary payment, the parties agree that that Hub66 will expend up to \$130,000 to build out the premises for a commercial office space. The lease will terminate after a total of five years, and at such time the parties may negotiate a new lease agreement through which Hub66 will be charged market rent at that time.

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, 2021
Capital lease obligations:		
Tractor	4.24%	\$ 74,729
DPW International Plow Truck	2.98%	113,425
Fire Department Radio Equipment	5.60%	83,945
Total capital lease obligations		<u>\$ 272,099</u>

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

	Governmental Activities
Vehicles:	
Tractor	\$ 160,000
DPW International Plow Truck	120,925
Fire Department Radio Equipment	-
Total equipment	<u>280,925</u>
Less: accumulated depreciation	24,000
Total capital lease vehicles	<u>\$ 256,925</u>

*Not capitalized in accordance with the Town's capital asset policy.

The annual requirements to amortize the capital leases payable as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2022	\$ 76,168
2023	116,167
2024	55,924
2025	24,753
2026	24,753
Total requirements	<u>297,765</u>
Less: interest	25,666
Present value of remaining payments	<u>\$ 272,099</u>

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

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NOTE 13 – SHORT-TERM DEBT

Changes in the Town's short-term operational borrowings during the year ended December 31, 2021 consisted of the following:

Governmental Activities	Original Issue	Interest Rate	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Tax anticipation note 3 (2020)	\$ 1,500,000	1.75%	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -
Tax anticipation note 1 (2021)	1,500,000	0.55%	-	1,500,000	(1,500,000)	-
Tax anticipation note 2 (2021)	1,750,000	0.47%	-	1,750,000	(1,750,000)	-
Total short-term borrowings	<u>\$ 7,000,000</u>		<u>\$ 1,500,000</u>	<u>\$ 3,250,000</u>	<u>\$ (4,750,000)</u>	<u>\$ -</u>

The purpose of the short-time borrowings was to provide for interim financing of general fund operations. The interest paid during the year on this short term debt totaled \$8,590.

NOTE 14 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2021:

	January 1, 2021	Additions	Reductions	December 31, 2021	Due Within One Year	More Than One Year
Governmental activities:						
Notes/loans payable -						
direct borrowings	\$ 962,658	\$ 544,911	\$ (710,861)	\$ 796,708	\$ 170,905	\$ 625,803
Capital leases	160,185	197,370	(85,456)	272,099	64,918	207,181
Compensated absences	263,007	-	(13,485)	249,522	-	249,522
Abatement settlement liability	80,857	-	(53,905)	26,952	26,952	-
Net pension liability	5,295,488	-	(1,630,538)	3,664,950	-	3,664,950
Net other postemployment benefits	424,526	210,931	(31,727)	603,730	-	603,730
Total long-term liabilities	<u>\$ 7,186,721</u>	<u>\$ 953,212</u>	<u>\$ (2,525,972)</u>	<u>\$ 5,613,961</u>	<u>\$ 262,775</u>	<u>\$ 5,351,186</u>
Business-type activities:						
Bonds payable - direct placements	\$ 750,438	\$ -	\$ (100,713)	\$ 649,725	\$ 101,644	\$ 548,081
Notes/loans payable -						
direct borrowings	398,400	-	(16,600)	381,800	18,000	363,800
Compensated absences	41,623	2,942	-	44,565	-	44,565
Net pension liability	510,968	-	(157,332)	353,636	-	353,636
Net other postemployment benefits	42,517	23,226	-	65,743	-	65,743
Total long-term liabilities	<u>\$ 1,743,946</u>	<u>\$ 26,168</u>	<u>\$ (274,645)</u>	<u>\$ 1,495,469</u>	<u>\$ 119,644</u>	<u>\$ 1,375,825</u>

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2021
Governmental activities:					
Direct borrowings:					
Library Project	\$ 888,000	2012	2022	2.12	\$ 88,800
Central Square Project	\$ 415,650	2012	2027	2.54	162,997
Town Hall Building	\$ 544,911	2021	2030	2.25	544,911
Total					<u>\$ 796,708</u>

(Continued)

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Long-term bonds/notes continued:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2021
Business-type activities:					
Direct borrowings:					
SRF Drinking Water	\$ 1,191,000	2012	2031	3.10	356,004
Central Square Project	\$ 399,350	2012	2027	2.54	163,005
Wastewater Dewatering Treatment Facility	\$ 305,000	2017	2024	2.55	130,716
					<u>649,725</u>
Direct placements:					
2019 Bond Refunding	\$ 429,500	2019	2039	3.33	381,800
Total					<u>\$ 1,031,525</u>

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2021, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending December 31,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ -	\$ -	\$ 170,905	\$ 18,775	\$ 189,680
2023	-	-	-	83,750	14,543	98,293
2024	-	-	-	85,023	12,566	97,589
2025	-	-	-	86,325	10,560	96,885
2026	-	-	-	87,656	8,526	96,182
2027-2031	-	-	-	283,049	15,259	298,308
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,708</u>	<u>\$ 80,229</u>	<u>\$ 876,937</u>

Business-type activities:

Fiscal Year Ending December 31,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 101,644	\$ 18,440	\$ 120,084	\$ 18,000	\$ 17,892	\$ 35,892
2023	102,603	15,694	118,297	18,000	17,137	35,137
2024	103,594	12,918	116,512	19,300	16,212	35,512
2025	61,041	10,111	71,152	20,000	13,945	33,945
2026	62,093	8,383	70,476	21,000	12,856	33,856
2027-2031	218,750	18,879	237,629	119,900	49,791	169,691
2032-2036	-	-	-	113,600	20,284	133,884
2037-2039	-	-	-	52,000	1,857	53,857
Totals	<u>\$ 649,725</u>	<u>\$ 84,425</u>	<u>\$ 734,150</u>	<u>\$ 381,800</u>	<u>\$ 149,974</u>	<u>\$ 531,774</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.

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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.

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 the period of January 1, 2021 to June 30, 2021, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. For the period of July 1, 2021 to December 31, 2021 the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2021 was \$470,281, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2021 the Town reported a liability of \$4,018,586 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town's proportion was .09067373% which was a decrease of .00010674% from its proportion measured as of June 30, 2020.

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For the year ended December 31, 2021, the Town recognized pension expense of \$332,725. At December 31, 2021 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	\$ 220,705	\$ 108,261
Changes in assumptions	419,719	-
Net difference between projected and actual investment earnings on pension plan investments	-	1,123,907
Differences between expected and actual experience	112,526	42,072
Contributions subsequent to the measurement date	261,451	-
Total	<u>\$ 1,014,401</u>	<u>\$ 1,274,240</u>

The \$261,451 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, 2022. 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,	
2022	\$ (45,813)
2023	(64,856)
2024	(44,160)
2025	(366,461)
2026	-
Thereafter	-
Totals	<u>\$ (521,290)</u>

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 Healthy 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.

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.

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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 2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
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, 2021	\$ 5,747,038	\$ 4,018,586	\$ 2,576,775

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

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

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	\$ 925,133	\$ 3,664,950	\$ 1,162,107
Business-type activities	89,268	353,636	112,133
Total	\$ 1,014,401	\$ 4,018,586	\$ 1,274,240

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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 2021 Annual Comprehensive Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provide - 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 2021 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 the period of January 1, 2021 to June 30, 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. For the period of July 1, 2021 to December 31, 2021, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2021 was \$44,248, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2021, the Town reported a liability of \$385,031 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town’s proportion was .09614793% which was an increase of .00023522% from its proportion measured as of June 30, 2020.

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For the year ended December 31, 2021, the Town recognized OPEB expense of \$19,590. At December 31, 2021, 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	\$ 9	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	4,810
Differences between expected and actual experience	-	80
Contributions subsequent to the measurement date	21,100	-
Total	<u>\$ 21,109</u>	<u>\$ 4,890</u>

The \$21,100 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, 2022. 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,	
2022	\$ (1,171)
2023	(1,011)
2024	(1,133)
2025	(1,566)
2026	-
Thereafter	-
Totals	<u>\$ (4,881)</u>

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 Healthy 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.

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.

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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 <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 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, 2021	\$ 418,559	\$ 385,031	\$ 355,859

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.

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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, 2021 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	37
Total participants covered by OPEB plan	<u>43</u>

Total OPEB Liability – The Town's total OPEB liability of \$284,442 was measured as of December 31, 2021, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$284,442 in the December 31, 2021 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	2031
Salary Increases:	3.00%

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

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

Changes in the Total OPEB Liability

	December 31,	
	2020	2021
OPEB liability beginning of year	\$ 71,042	\$ 47,223
Changes for the year:		
Service cost	54,540	54,543
Interest	5,023	4,071
Assumption changes and difference between actual and expected experience	(83,382)	178,605
OPEB liability end of year	<u>\$ 47,223</u>	<u>\$ 284,442</u>

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Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The December 31, 2021 actuarial valuation was prepared using a discount rate of 3.00%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$240,377. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$342,381.

	Discount Rate		
	1% Decrease	3.00%	1% Increase
Total OPEB Liability	\$ 342,381	\$284,442	\$ 240,377

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The December 31, 2021 actuarial valuation was prepared using an initial trend rate of 4.90%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$351,579. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$231,882.

	Healthcare Cost Trend Rates		
	1% Decrease	4.90%	1% Increase
Total OPEB Liability	\$ 231,882	\$284,442	\$ 351,579

OPEB Expense – For the year ended December 31, 2021, the Town recognized OPEB expense of \$237,216. Allocation of net OPEB liability is as follows:

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources
Governmental activities	\$ 19,251	\$ 603,730	\$ 4,460
Business-type activities	1,857	65,743	431
Total	\$ 21,108	\$ 669,473	\$ 4,891

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, 2021 and are as follows:

General fund:	
Public safety	\$ 7,500
Highways and streets	266,230
Total encumbrances	\$ 273,730

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.

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At December 31, 2021 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31.	Principal	Interest	Total
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	8,627	3,580	12,207
2027-2031	46,916	14,418	61,334
2032-2036	42,545	8,256	50,801
2037-2041	40,422	3,770	44,192
2042	8,624	162	8,786
Total	<u>\$179,848</u>	<u>\$46,623</u>	<u>\$226,471</u>

**NOTE 19 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES AND
FIDUCIARY FUNDS NET POSITION**

Net position reported on the governmental and business-type activities and fiduciary funds Statements of Net Position at December 31, 2021 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	\$ 9,978,549	\$ 3,524,597	\$ 13,503,146	\$ -
Less:				
General obligation bonds/notes payable	(796,708)	(1,031,525)	(1,828,233)	-
Capital leases payable	(272,099)	-	(272,099)	-
Total net investment in capital assets	<u>8,909,742</u>	<u>2,493,072</u>	<u>11,402,814</u>	<u>-</u>
Restricted net position:				
Permanent fund principal	51,420	-	51,420	-
Permanent fund income	4,641	-	4,641	-
Library	210,094	-	210,094	-
Individuals, organizations, and other governments	-	-	-	311,600
Total restricted net position	<u>266,155</u>	<u>-</u>	<u>266,155</u>	<u>311,600</u>
Unrestricted	<u>(2,569,352)</u>	<u>1,802,811</u>	<u>(766,541)</u>	<u>-</u>
Total net position	<u>\$ 6,606,545</u>	<u>\$ 4,295,883</u>	<u>\$ 10,902,428</u>	<u>\$ 311,600</u>

NOTE 20 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 7,829	\$ -	\$ 7,829
Tax deeded property receivable	11,680	-	11,680
Permanent fund - principal balance	-	51,420	51,420
Total nonspendable fund balance	<u>19,509</u>	<u>51,420</u>	<u>70,929</u>

(Continued)

TOWN OF BRISTOL, NEW HAMPSHIRE
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Governmental fund balances continued:

	General Fund	Nonmajor Funds	Total Governmental Funds
Restricted:			
Library	-	210,094	210,094
Permanent - income balance	-	4,641	4,641
Total restricted fund balance	-	214,735	214,735
Committed:			
Expendable trust funds	433,202	-	433,202
Police details	-	5,001	5,001
Conservation	-	2,327	2,327
Transfer station	-	186	186
Ambulance	-	183,182	183,182
Total committed fund balance	433,202	190,696	623,898
Assigned:			
Encumbrances	273,730	-	273,730
Abatement contingency	250,000	-	250,000
Other special revenue funds	-	6,857	6,857
Total assigned fund balance	523,730	6,857	530,587
Unassigned (deficit)	1,036,439	(65,869)	970,570
Total governmental fund balances (deficit)	\$ 2,012,880	\$ 397,839	\$ 2,410,719

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2021 was restated to give retroactive effect to the following prior period adjustments:

	Governmental Activities	Exhibit C-3 General Fund	Exhibit D General Fund
To correct understatement of property tax revenue	\$ 59,981	\$ 59,981	\$ 59,981
Net position/fund balance, as previously reported	6,147,964	1,824,226	803,109
Net position/fund balance, as restated	\$ 6,207,945	\$ 1,884,207	\$ 863,090

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 2021, 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, 2021 to December 31, 2021 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2021 the Town paid \$73,757 and \$64,677 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.

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 23 – CONTINGENCIES

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 Town'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 Town anticipates such amounts, if any, will be immaterial.

The Town is a defendant in various claims and suits. Although the outcome of these claims and suits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town of Bristol.

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.

The Town was allotted a total of \$324,119 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$162,060 or 50% of the funding was received in 2021. The remainder is expected to be received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer and broadband investment. For the year ended December 31, 2021 the Town spent none of the funds received. The remaining funds are included in deferred inflows of resources until eligible expenditures have been made.

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 not 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 12, 2022, the date the December 31, 2021 financial statements were available to be issued, and the following occurred that requires recognition or disclosure:

At the 2022 Annual Town Meeting, held on March 12, 2022, the residents of the Town approved one warrant article authorizing the issuance of bonds or notes totaling \$4,875,500 for the design and construction of a new public safety building. Additionally, the residents of the Town approved two warrant articles appropriating the use of December 31, 2021 unassigned fund balance totaling \$121,000.

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, 2021
Unaudited

	December 31.						
	2015	2016	2017	2018	2019	2020	2021
Town's:							
Proportion of the net pension liability	0.08542126%	0.08727626%	0.08378561%	0.09081510%	0.08479218%	0.09078047%	0.09067373%
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	\$ 4,018,586
Covered payroll (as of measurement date)	\$ 1,673,364	\$ 1,643,663	\$ 1,738,206	\$ 1,833,863	\$ 2,018,727	\$ 2,207,475	\$ 2,254,074
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%	178.28%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

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, 2021
Unaudited

	December 31,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 302,864	\$ 279,557	\$ 352,952	\$ 373,491	\$ 369,000	\$ 403,285	\$ 470,281
Contributions in relation to the contractually required contributions	302,864	279,557	352,952	373,491	369,000	403,285	470,281
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year)	\$ 1,716,043	\$ 1,572,353	\$ 1,917,358	\$ 1,973,785	\$ 2,149,494	\$ 2,244,917	\$ 2,304,092
Contributions as a percentage of covered payroll	17.65%	17.78%	18.41%	18.92%	17.17%	17.96%	20.41%

TOWN OF BRISTOL, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

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

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates– A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

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, 2021. 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.

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, 2021
Unaudited

	December 31,					
	2016	2017	2018	2019	2020	2021
Town's proportion of the net OPEB liability	0.06821658%	0.06378766%	0.10385916%	0.09547517%	0.09591271%	0.09614793%
Town's proportionate share of the net OPEB liability (asset)	\$ 330,240	\$ 291,659	\$ 475,516	\$ 418,574	\$ 419,819	\$ 385,031
Town's covered payroll (as of measurement date)	\$ 1,643,663	\$ 1,738,206	\$ 1,833,863	\$ 2,018,727	\$ 2,207,475	\$ 2,254,074
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%	17.08%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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, 2021
Unaudited

	December 31,					
	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 39,638	\$ 37,807	\$ 45,940	\$ 44,439	\$ 44,520	\$ 44,248
Contributions in relation to the contractually required contribution	39,638	37,807	45,940	44,439	44,520	44,248
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year)	\$ 1,572,353	\$ 1,917,358	\$ 1,973,785	\$ 2,149,494	\$ 2,244,917	\$ 2,304,092
Contributions as a percentage of covered payroll	2.52%	1.97%	2.33%	2.07%	1.98%	1.92%

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, 2021
Unaudited

	December 31,			
	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 334,416	\$ 231,962	\$ 71,042	\$ 47,223
Changes for the year:				
Service cost	54,540	54,540	54,540	54,543
Interest	27,795	11,460	5,023	4,071
Assumption changes and difference between actual and expected experience	(184,789)	(226,920)	(83,382)	178,605
OPEB liability, end of year	<u>\$ 231,962</u>	<u>\$ 71,042</u>	<u>\$ 47,223</u>	<u>\$ 284,442</u>
Covered payroll	<u>\$ 2,586,106</u>	<u>\$ 2,663,689</u>	<u>\$ 2,767,090</u>	<u>\$ 2,903,107</u>
Total OPEB liability as a percentage of covered payroll	8.97%	2.67%	1.71%	9.80%

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, 2021

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

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates– A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

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, 2021. 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.

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

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

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, 2021. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,427,333	\$ 4,499,074	\$ 71,741
Yield	6,500	8,994	2,494
Excavation	-	26	26
Payment in lieu of taxes	16,860	18,032	1,172
Interest and penalties on taxes	62,000	48,102	(13,898)
Total from taxes	<u>4,512,693</u>	<u>4,574,228</u>	<u>61,535</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	71,599	66,476	(5,123)
Motor vehicle permit fees	700,000	809,415	109,415
Building permits	7,500	11,633	4,133
Other	72,300	104,928	32,628
Total from licenses, permits, and fees	<u>851,399</u>	<u>992,452</u>	<u>141,053</u>
Intergovernmental:			
State:			
Meals and rooms distribution	229,363	229,363	-
Highway block grant	91,551	91,528	(23)
Water pollution grants	12,366	-	(12,366)
State and federal forest land reimbursement	45	45	-
Flood control reimbursement	15,238	14,684	(554)
Other	-	8,920	8,920
Federal:			
FEMA	72,582	72,582	-
Other	-	31,000	31,000
Total from intergovernmental	<u>421,145</u>	<u>448,122</u>	<u>26,977</u>
Charges for services:			
Income from departments	<u>520,616</u>	<u>658,656</u>	<u>138,040</u>
Miscellaneous:			
Interest on investments	5,000	1,432	(3,568)
Other	24,760	26,760	2,000
Total from miscellaneous	<u>29,760</u>	<u>28,192</u>	<u>(1,568)</u>
Other financing sources:			
Transfers in	<u>203,410</u>	<u>213,880</u>	<u>10,470</u>
Total revenues and other financing sources	<u>6,539,023</u>	<u>\$ 6,915,530</u>	<u>\$ 376,507</u>
Unassigned fund balance used to reduce tax rate	100,000		
Amounts voted from fund balance	37,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 6,676,023</u>		

See Independent Auditor's Report.

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, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 199,674	\$ 206,941	\$ -	\$ (7,267)
Election and registration	-	77,953	75,304	-	2,649
Financial administration	-	182,052	174,526	-	7,526
Revaluation of property	-	123,604	111,741	-	11,863
Legal	-	70,000	123,541	-	(53,541)
Personnel administration	-	593,456	508,426	-	85,030
Planning and zoning	13,000	12,903	26,295	-	(392)
General government buildings	-	246,000	350,480	-	(104,480)
Cemeteries	-	250	220	-	30
Insurance, not otherwise allocated	-	52,880	52,804	-	76
Advertising and regional associations	-	10,419	10,391	-	28
Other	-	25,000	13,867	-	11,133
Total general government	13,000	1,594,191	1,654,536	-	(47,345)
Public safety:					
Police	-	1,162,991	1,112,369	-	50,622
Fire	-	1,128,067	1,089,358	-	38,709
Emergency management	-	8,501	560	7,500	441
Other	-	10,000	10,000	-	-
Total public safety	-	2,309,559	2,212,287	7,500	89,772
Highways and streets:					
Administration	-	552,698	536,914	-	15,784
Highways and streets	266,230	456,001	395,634	266,230	60,367
Other	-	30,500	28,193	-	2,307
Total highways and streets	266,230	1,039,199	960,741	266,230	78,458
Sanitation:					
Solid waste disposal	-	303,254	336,241	-	(32,987)
Health:					
Administration	-	105,757	89,049	-	16,708
Pest control	-	400	190	-	210
Health agencies	-	33,400	33,400	-	-
Total health	-	139,557	122,639	-	16,918
Welfare:					
Administration and direct assistance	-	11,184	10,999	-	185
Vendor payments and other	-	28,900	1,136	-	27,764
Total welfare	-	40,084	12,135	-	27,949
Culture and recreation:					
Parks and recreation	6,400	150,619	153,866	-	3,153
Library	-	218,135	210,975	-	7,160
Patriotic purposes	-	42,297	42,373	-	(76)
Total culture and recreation	6,400	411,051	407,214	-	10,237
Conservation	-	3,562	1,988	-	1,574
Economic development	-	31,099	36,789	-	(5,690)

(Continued)

See Independent Auditor's Report.

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, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive Negative
Debt service:					
Principal of long-term debt	-	277,817	258,211	-	19,606
Interest on long-term debt	-	50,497	53,221	-	(2,724)
Interest on tax anticipation notes	-	3,001	3,868	-	(867)
Total debt service	-	331,315	315,300	-	16,015
Capital outlay	28,351	351,152	417,938	-	(38,435)
Other financing uses:					
Transfers out	-	122,000	212,807	-	(90,807)
Total appropriations, expenditures, other financing uses, and encumbrances	\$313,981	\$ 6,676,023	\$ 6,690,615	\$ 273,730	\$ 25,659

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF BRISTOL, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 21)		\$ 863,090
Changes:		
Unassigned fund balance used to reduce 2021 tax rate		(100,000)
Amounts voted from fund balance		(37,000)
2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 376,507	
Unexpended balance of appropriations (Schedule 2)	25,659	
2021 Budget deficit		402,166
Decrease in nonspendable fund balance		2,133
Increase in assigned fund balance for contingencies		(25,617)
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,104,772
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(172,333)
Elimination of the allowance for uncollectible taxes		104,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		\$ 1,036,439

SCHEDULE 4
TOWN OF BRISTOL, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds						Capital Project	Permanent	
	Library	Police Details	Conservation	Transfer Station	Ambulance	Other Special Revenue Funds	Miscellaneous	Fund	Total
ASSETS									
Cash and cash equivalents	\$ 72,077	\$ 7,484	\$ 2,327	\$ 186	\$ 183,182	\$ 6,857	\$ -	\$ 56,061	\$ 328,174
Investments	155,328	-	-	-	-	-	-	-	155,328
Accounts receivable	-	6,435	-	-	-	-	-	-	6,435
Intergovernmental receivables	-	-	-	-	-	-	136,639	-	136,639
Interfund receivable	-	-	-	-	-	-	7,040	-	7,040
Total assets	<u>\$ 227,405</u>	<u>\$ 13,919</u>	<u>\$ 2,327</u>	<u>\$ 186</u>	<u>\$ 183,182</u>	<u>\$ 6,857</u>	<u>\$ 143,679</u>	<u>\$ 56,061</u>	<u>\$ 633,616</u>
LIABILITIES									
Interfund payable	\$ -	\$ 8,918	\$ -	\$ -	\$ -	\$ -	\$ 209,548	\$ -	\$ 218,466
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - grants and donations	17,311	-	-	-	-	-	-	-	17,311
FUND BALANCES (DEFICIT)									
Nonspendable	-	-	-	-	-	-	-	51,420	51,420
Restricted	210,094	-	-	-	-	-	-	4,641	214,735
Committed	-	5,001	2,327	186	183,182	-	-	-	190,696
Assigned	-	-	-	-	-	6,857	-	-	6,857
Unassigned (deficit)	-	-	-	-	-	-	(65,869)	-	(65,869)
Total fund balances (deficit)	<u>210,094</u>	<u>5,001</u>	<u>2,327</u>	<u>186</u>	<u>183,182</u>	<u>6,857</u>	<u>(65,869)</u>	<u>56,061</u>	<u>397,839</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 227,405</u>	<u>\$ 13,919</u>	<u>\$ 2,327</u>	<u>\$ 186</u>	<u>\$ 183,182</u>	<u>\$ 6,857</u>	<u>\$ 143,679</u>	<u>\$ 56,061</u>	<u>\$ 633,616</u>

See Independent Auditor's Report.

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, 2021

	Special Revenue Funds						Capital Project	Permanent	
	Library	Police Details	Conservation	Transfer Station	Ambulance	Other Special Revenue Funds	Miscellaneous	Fund	Total
REVENUES									
Intergovernmental	\$ 3,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,639	\$ -	\$ 139,659
Charges for services	-	41,998	-	-	60,000	-	-	-	101,998
Miscellaneous	24,417	8	3	9	141	707	13,328	63	38,676
Total revenues	27,437	42,006	3	9	60,141	707	149,967	63	280,333
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	22	22
Public safety	-	42,469	-	-	-	725	-	-	43,194
Culture and recreation	15,707	-	-	-	-	-	-	-	15,707
Capital outlay	-	-	-	-	-	-	224,174	-	224,174
Total expenditures	15,707	42,469	-	-	-	725	224,174	22	283,097
Excess (deficiency) of revenues over (under) expenditures	11,730	(463)	3	9	60,141	(18)	(74,207)	41	(2,764)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	74,207	-	74,207
Transfers out	-	-	-	(32,500)	-	-	-	-	(32,500)
Total other financing source (uses)	-	-	-	(32,500)	-	-	74,207	-	41,707
Net change in fund balances	11,730	(463)	3	(32,491)	60,141	(18)	-	41	38,943
Fund balances (deficit), beginning	198,364	5,464	2,324	32,677	123,041	6,875	(65,869)	56,020	358,896
Fund balances (deficit), ending	\$210,094	\$ 5,001	\$ 2,327	\$ 186	\$ 183,182	\$ 6,857	\$ (65,869)	\$56,061	\$ 397,839

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF BRISTOL, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2021

	Custodial Funds			Total
	Taxes	Trust Funds	Motor Vehicle Permit Fees	
ASSETS				
Cash and cash equivalents	\$ -	\$ 220,350	\$ -	\$ 220,350
Intergovernmental receivables	2,750,404	-	-	2,750,404
Total assets	2,750,404	220,350	-	2,970,754
LIABILITIES				
Intergovernmental payables:				
School	2,750,404	-	-	2,750,404
NET POSITION				
Restricted	\$ -	\$ 220,350	-	\$ 220,350

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF BRISTOL, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2021

	Custodial Funds			Total
	Taxes	Trust Funds	Motor Vehicle Permit Fees	
ADDITIONS				
Investment earnings	\$ -	\$ 249	\$ -	\$ 249
Tax collections for other governments	6,618,892	-	-	6,618,892
Other	-	-	263,394	263,394
Total additions	6,618,892	249	263,394	6,882,535
DEDUCTIONS				
Payments of taxes to other governments	6,618,892	-	-	6,618,892
Payments of motor vehicles fees to State	-	-	263,394	263,394
Total deductions	6,618,892	-	263,394	6,882,286
Change in net position	-	249	-	249
Net position, beginning	-	220,101	-	220,101
Net position, ending	\$ -	\$ 220,350	\$ -	\$ 220,350