

**TOWN OF BRISTOL, NEW HAMPSHIRE**

**Annual Financial Statements**

**For the Year Ended December 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Bristol, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, New Hampshire, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bristol's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2 to the financial statements, management has not recorded certain capital assets in its governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles general accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net assets and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities is not reasonably determined.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Bristol, as of December 31, 2011, and the changes in financial position, thereof for the year

*Additional Offices:*

Andover, MA • Greenfield, MA • Ellsworth, ME • Manchester, NH

then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bristol, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
August 6, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Bristol we offer readers this narrative overview and analysis of the financial activities of the Town of Bristol for the fiscal year ended December 31, 2011.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the 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 fiscal 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, and conservation. 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 of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal 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 governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water and wastewater operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations, both of which are considered to be major 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 fund financial statements.

**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 fiscal year, the total of assets exceeded liabilities by \$ 5,004,736 (i.e., net assets), a change of \$ (111,139) in comparison to the prior year.

- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 854,910 a change of \$ (81,092) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 312,555 a change of \$90,090 in comparison to the prior year.
- Total long-term debt (i.e., bonds and notes payable) at the close of the current fiscal year was \$ 843,065, a change of \$ (59,061) in comparison to the prior year.

### C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current fiscal year and prior fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 4,293,270	\$ 4,171,249	\$ 1,156,917	\$ 1,469,523	\$ 5,450,187	\$ 5,640,772
Capital assets	-	-	4,407,327	4,519,908	4,407,327	4,519,908
Total assets	4,293,270	4,171,249	5,564,244	5,989,431	9,857,514	10,160,680
Long-term liabilities outstanding	678,108	783,468	578,065	589,399	1,256,173	1,372,867
Other liabilities	2,940,406	2,763,630	656,199	908,308	3,596,605	3,671,938
Total liabilities	3,618,514	3,547,098	1,234,264	1,497,707	4,852,778	5,044,805
Net assets:						
Invested in capital assets, net	-	-	3,750,538	4,025,378	3,750,538	4,025,378
Restricted	54,142	54,063	-	-	54,142	54,063
Unrestricted	620,614	570,088	579,442	466,346	1,200,056	1,036,434
Total net assets	\$ 674,756	\$ 624,151	\$ 4,329,980	\$ 4,491,724	\$ 5,004,736	\$ 5,115,875

#### CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	\$ 650,820	\$ 605,864	\$ 657,842	\$ 663,755	\$ 1,308,662	\$ 1,269,619
Operating grants and contributions	1,029	120,638	7,112	7,282	8,141	127,920
Capital grants and contributions	123,616	-	54,047	484,153	177,663	484,153
General revenues:						
Property taxes	3,016,533	3,236,944	-	-	3,016,533	3,236,944
Motor vehicle permits	441,599	443,464	-	-	441,599	443,464
Penalties and interest on taxes	103,680	81,262	-	-	103,680	81,262
Grants and contributions not restricted to specific programs	329,732	1,180,040	-	-	329,732	1,180,040
Investment income	(275)	16,235	3,102	4,063	2,827	20,298
Miscellaneous	13,328	31,079	381	433	13,709	31,512
Total revenues	4,680,062	5,715,526	722,484	1,159,686	5,402,546	6,875,212

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Expenses:						
General government	788,590	858,552	-	-	788,590	858,552
Public safety	1,790,890	1,730,862	-	-	1,790,890	1,730,862
Highway and streets	985,541	699,890	-	-	985,541	699,890
Sanitation	250,903	242,187	-	-	250,903	242,187
Health	53,956	115,371	-	-	53,956	115,371
Welfare	81,825	59,361	-	-	81,825	59,361
Culture and recreation	326,527	317,456	-	-	326,527	317,456
Conservation	255	636	-	-	255	636
Interest on long-term debt	37,240	39,719	-	-	37,240	39,719
Capital outlay	298,004	227,165	-	-	298,004	227,165
Water services	-	-	403,785	485,961	403,785	485,961
Wastewater services	-	-	506,022	420,130	506,022	420,130
Total expenses	<u>4,613,731</u>	<u>4,291,199</u>	<u>909,807</u>	<u>906,091</u>	<u>5,523,538</u>	<u>5,197,290</u>
Change in net assets before permanent fund contributions	66,331	1,424,327	(187,323)	253,595	(120,992)	1,677,922
Transfers in (out)	(25,579)	(21,857)	25,579	21,857	-	-
Permanent fund contributions	<u>9,853</u>	<u>49,158</u>	<u>-</u>	<u>-</u>	<u>9,853</u>	<u>49,158</u>
Change in net assets	50,605	1,451,628	(161,744)	275,452	(111,139)	1,727,080
Net assets - beginning of year	<u>624,151</u>	<u>(827,477)</u>	<u>4,491,724</u>	<u>4,216,272</u>	<u>5,115,875</u>	<u>3,388,795</u>
Net assets - end of year	<u>\$ 674,756</u>	<u>\$ 624,151</u>	<u>\$ 4,329,980</u>	<u>\$ 4,491,724</u>	<u>\$ 5,004,736</u>	<u>\$ 5,115,875</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 5,004,736, a change of \$ (111,139) from the prior year.

The largest portion of net assets \$ 3,750,538 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 the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 54,142 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 1,200,056 may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in a change in net assets of \$ 50,605. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 15,608
Nonmajor funds activities	(96,700)
Principal debt service	128,068
Other	<u>3,629</u>
Total	<u>\$ 50,605</u>

**Business-type activities.** Business-type activities for the year resulted in a change in net assets of \$ (161,744). Key elements of this change are as follows:

Water services	\$ (80,641)
Wastewater services	<u>(81,103)</u>
Total	<u>\$ (161,744)</u>

**D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 854,910, a change of \$ (81,092) in comparison to the prior year. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 15,608
Nonmajor activities	<u>(96,700)</u>
Total	<u>\$ (81,092)</u>

In fiscal year 2011, the Town implemented *Governmental Accounting Standards Board Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions*. In general, amounts previously reported as undesignated fund balance, are now reported as unassigned fund balance. Full definitions of all fund balance classifications can be found in the notes to the financial statements.

Additionally, amounts previously reported in capital reserve funds, are now required to be presented as committed fund balance in the general fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 312,555, while total fund balance was \$ 526,713. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/11</u>	<u>12/31/10</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 312,555	\$ 222,465	\$ 90,090	7.0%
Total fund balance <sup>1</sup>	\$ 526,713	\$ 511,105	\$ 15,608	11.7%

<sup>1</sup>Now includes capital reserve funds. Prior period balances have been revised to conform to current presentation.

The fund balance of the general fund changed by \$ 15,608 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 50,797
Expenditures less than budget	200,089
Use of fund balance	(165,000)
Shortfall of tax collections as compared to budget	(38,274)
Prior year encumbrance spent in current year over current year encumbrances	(59,110)
Change in capital reserve funds	(15,372)
Other	42,478
Total	\$ <u>15,608</u>

Included in the total general fund balance are the Town's capital reserve accounts with the following balances:

	<u>12/31/11</u>	<u>12/31/10</u>	<u>Change</u>
Capital reserves	\$ <u>187,391</u>	\$ <u>202,763</u>	\$ <u>(15,372)</u>
Total	\$ <u>187,391</u>	\$ <u>202,763</u>	\$ <u>(15,372)</u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unassigned net assets of the enterprise funds at the end of the year amounted to \$ 579,442, a change of \$ 113,096 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

**E. GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no differences between the original budget and the final amended budget.

**F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for business-type activities at year end amounted to \$ 4,407,327 (net of accumulated depreciation), a change of \$ (112,581) from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Construction in Progress	
Waste water treatment plant upgrade	\$ 54,047

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

**Long-term debt.** At the end of the current fiscal year, total long-term debt outstanding was \$ 843,065, 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.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Bristol's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Town Administrator  
Town of Bristol  
230 Lake Street  
Bristol, New Hampshire 03222

TOWN OF BRISTOL, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 1,672,847	\$ 280,243	\$ 1,953,090
Restricted cash	187,391	823,232	1,010,623
Investments	114,716	-	114,716
Receivables, net of allowance for uncollectibles:			
Property taxes	1,536,556	-	1,536,556
User fees	79,726	134,303	214,029
Intergovernmental	93,549	4,341	97,890
Internal balances	260,312	(260,312)	-
Other assets	-	16,270	16,270
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	348,173	-	348,173
Intergovernmental	-	158,840	158,840
Capital assets:			
Land and construction in progress	-	1,943,436	1,943,436
Other assets, net of accumulated depreciation	-	<u>2,463,891</u>	<u>2,463,891</u>
<b>TOTAL ASSETS</b>	<b>4,293,270</b>	<b>5,564,244</b>	<b>9,857,514</b>
<b>LIABILITIES</b>			
Current:			
Accounts payable	19,963	-	19,963
Accrued liabilities	76,582	54,808	131,390
Due to school district	2,675,391	-	2,675,391
Tax refunds payable	11,686	-	11,686
Due to other governments	410	-	410
Other current liabilities	12,065	586,715	598,780
Current portion of long-term liabilities:			
Bonds and notes payable	47,368	12,212	59,580
Other liabilities	96,941	2,464	99,405
Noncurrent:			
Bonds and notes payable, net of current portion	236,843	546,642	783,485
OPEB liability	52,157	9,239	61,396
Other liabilities, net of current portion	<u>389,108</u>	<u>22,184</u>	<u>411,292</u>
<b>TOTAL LIABILITIES</b>	<b>3,618,514</b>	<b>1,234,264</b>	<b>4,852,778</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	3,750,538	3,750,538
Restricted for:			
Permanent funds:			
Nonexpendable	50,485	-	50,485
Expendable	3,657	-	3,657
Unrestricted	<u>620,614</u>	<u>579,442</u>	<u>1,200,056</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>674,756</u></b>	<b>\$ <u>4,329,980</u></b>	<b>\$ <u>5,004,736</u></b>

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

	Expenses	Program Revenues			Net(Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 788,590	\$ 64,905	\$ -	\$ -	\$ (723,685)	\$ -	\$ (723,685)
Public safety	1,790,890	403,442	-	-	(1,387,448)	-	(1,387,448)
Highways and streets	985,541	8,991	-	123,616	(852,934)	-	(852,934)
Sanitation	250,903	154,300	-	-	(96,603)	-	(96,603)
Health	53,956	-	-	-	(53,956)	-	(53,956)
Welfare	81,825	1,332	-	-	(80,493)	-	(80,493)
Culture and recreation	326,527	17,850	1,029	-	(307,648)	-	(307,648)
Conservation	255	-	-	-	(255)	-	(255)
Interest	37,240	-	-	-	(37,240)	-	(37,240)
Capital outlay	298,004	-	-	-	(298,004)	-	(298,004)
Total Governmental Activities	4,613,731	650,820	1,029	123,616	(3,838,266)	-	(3,838,266)
<b>Business-Type Activities:</b>							
Water services	403,785	321,410	-	-	-	(82,375)	(82,375)
Wastewater services	506,022	336,432	7,112	54,047	-	(108,431)	(108,431)
Total Business-Type Activities	909,807	657,842	7,112	54,047	-	(190,806)	(190,806)
Total	\$ 5,523,538	\$ 1,308,662	\$ 8,141	\$ 177,663	(3,838,266)	(190,806)	(4,029,072)
<b>General Revenues, Transfers, and Contributions:</b>							
Property taxes					3,016,533	-	3,016,533
Motor vehicle permits					441,599	-	441,599
Penalties, interest, and other taxes					103,680	-	103,680
Grants and contributions not restricted to specific programs					329,732	-	329,732
Investment income					(275)	3,102	2,827
Miscellaneous					13,328	381	13,709
Transfers, net					(25,579)	25,579	-
Permanent fund contributions					9,853	-	9,853
Total general revenues, transfers, and contributions					3,888,871	29,062	3,917,933
Change in Net Assets					50,605	(161,744)	(111,139)
<b>Net Assets:</b>							
Beginning of year					624,151	4,491,724	5,115,875
End of year					\$ 674,756	\$ 4,329,980	\$ 5,004,736

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2011

<b>ASSETS</b>	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and short-term investments	\$ 1,536,677	\$ 136,170	\$ 1,672,847
Investments	-	114,716	114,716
Restricted cash	187,391	-	187,391
Receivables:			
Property taxes	1,984,590	-	1,984,590
User fees	79,726	-	79,726
Intergovernmental	93,549	-	93,549
Due from other funds	<u>425,306</u>	<u>261,384</u>	<u>686,690</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,307,239</u></b>	<b><u>\$ 512,270</u></b>	<b><u>\$ 4,819,509</u></b>
 <b>LIABILITIES AND FUND BALANCES</b> 			
Liabilities:			
Accounts payable	\$ 80	\$ 19,883	\$ 19,963
Accrued liabilities	62,486	-	62,486
Deferred revenues	756,220	-	756,220
Tax refunds payable	11,686	-	11,686
Due to other funds	262,188	164,190	426,378
Due to school district	2,675,391	-	2,675,391
Due to other governments	410	-	410
Other liabilities	<u>12,065</u>	<u>-</u>	<u>12,065</u>
<b>TOTAL LIABILITIES</b>	<b>3,780,526</b>	<b>184,073</b>	<b>3,964,599</b>
Fund Balances:			
Nonspendable	-	50,485	50,485
Restricted	-	200,401	200,401
Committed	187,391	86,378	273,769
Assigned	26,767	-	26,767
Unassigned	<u>312,555</u>	<u>(9,067)</u>	<u>303,488</u>
<b>TOTAL FUND BALANCES</b>	<b><u>526,713</u></b>	<b><u>328,197</u></b>	<b><u>854,910</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,307,239</u></b>	<b><u>\$ 512,270</u></b>	<b><u>\$ 4,819,509</u></b>

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET ASSETS

DECEMBER 31, 2011

<b>Total governmental fund balances</b>	\$ 854,910
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	656,359
<ul style="list-style-type: none"><li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(14,096)
<ul style="list-style-type: none"><li>• Long-term liabilities, including bonds and lease payable, compensated absences, and landfill liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li></ul>	<u>(822,417)</u>
<b>Net assets of governmental activities</b>	<u>\$ 674,756</u>

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 2,978,338	\$ -	\$ 2,978,338
Penalties, interest, and other taxes	103,680	-	103,680
Charges for services	527,354	-	527,354
Intergovernmental	330,761	123,616	454,377
Licenses and permits	565,065	-	565,065
Investment income	2,438	(2,713)	(275)
Contributions	6,251	3,602	9,853
Miscellaneous	<u>13,328</u>	<u>-</u>	<u>13,328</u>
Total Revenues	4,527,215	124,505	4,651,720
<b>Expenditures:</b>			
Current:			
General government	788,686	14	788,700
Public safety	1,775,865	-	1,775,865
Highways and streets	795,520	184,073	979,593
Sanitation	248,555	-	248,555
Health	53,956	-	53,956
Welfare	81,825	-	81,825
Culture and recreation	286,458	37,118	323,576
Conservation	255	-	255
Debt service	156,904	-	156,904
Capital outlay	<u>298,004</u>	<u>-</u>	<u>298,004</u>
Total Expenditures	<u>4,486,028</u>	<u>221,205</u>	<u>4,707,233</u>
Excess (deficiency) of revenues over expenditures	41,187	(96,700)	(55,513)
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(25,579)</u>	<u>-</u>	<u>(25,579)</u>
Total Other Financing Sources (Uses)	<u>(25,579)</u>	<u>-</u>	<u>(25,579)</u>
Change in fund balance	15,608	(96,700)	(81,092)
Fund Equity, at Beginning of Year, as restated	<u>511,105</u>	<u>424,897</u>	<u>936,002</u>
Fund Equity, at End of Year	<u>\$ 526,713</u>	<u>\$ 328,197</u>	<u>\$ 854,910</u>

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (81,092)</b>
<ul style="list-style-type: none"><li>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue.</li></ul>	38,195
<ul style="list-style-type: none"><li>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:<ul style="list-style-type: none"><li>Repayments of debt (notes and capital leases)</li></ul></li></ul>	128,068
<ul style="list-style-type: none"><li>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(8,404)
<ul style="list-style-type: none"><li>Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</li></ul>	<u>(26,162)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 50,605</u></u></b>

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,  
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues and other sources:</b>				
Property taxes	\$ 3,016,612	\$ 3,016,612	\$ 3,016,612	\$ -
Interest, penalties, and other taxes	96,607	96,607	103,680	7,073
Charges for services	450,000	450,000	483,854	33,854
Intergovernmental	248,054	248,054	247,959	(95)
Licenses and permits	560,080	560,080	565,065	4,985
Investment income	2,100	2,100	2,296	196
Miscellaneous	8,544	8,544	13,328	4,784
Use of fund balance	165,000	165,000	165,000	-
Total Revenues	4,546,997	4,546,997	4,597,794	50,797
<b>Expenditures and other uses:</b>				
Current:				
General government	831,484	831,484	759,918	71,566
Public safety	1,806,018	1,806,018	1,773,506	32,512
Highways and streets	828,040	828,040	794,412	33,628
Sanitation	246,896	246,896	248,555	(1,659)
Health	79,420	79,420	55,976	23,444
Welfare	61,421	61,421	82,128	(20,707)
Culture and recreation	313,946	313,946	282,194	31,752
Conservation	2,310	2,310	262	2,048
Debt service	196,112	196,112	193,759	2,353
Capital outlay	181,350	181,350	156,198	25,152
Total Expenditures	4,546,997	4,546,997	4,346,908	200,089
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 250,886	\$ 250,886

See notes to financial statements.

## TOWN OF BRISTOL, NEW HAMPSHIRE

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b><u>ASSETS</u></b>			
Current:			
Cash and short-term investments	\$ 134,755	\$ 145,488	\$ 280,243
Restricted cash	709,337	113,895	823,232
User fees, net of allowance for uncollectibles	61,322	72,981	134,303
Intergovernmental receivables	-	4,341	4,341
Due from other funds	-	54,047	54,047
Other assets	<u>15,796</u>	<u>474</u>	<u>16,270</u>
Total current assets	921,210	391,226	1,312,436
Noncurrent:			
Intergovernmental	-	158,840	158,840
Capital assets:			
Land and construction in progress	1,005,625	937,811	1,943,436
Other assets, net of accumulated depreciation	<u>894,125</u>	<u>1,569,766</u>	<u>2,463,891</u>
Total noncurrent assets	<u>1,899,750</u>	<u>2,666,417</u>	<u>4,566,167</u>
<b>TOTAL ASSETS</b>	<b>2,820,960</b>	<b>3,057,643</b>	<b>5,878,603</b>
<b><u>LIABILITIES</u></b>			
Current:			
Accrued liabilities	48,865	5,943	54,808
Due to other funds	-	314,359	314,359
Other liabilities	586,715	-	586,715
Current portion of long-term liabilities:			
Bonds payable	-	12,212	12,212
Other liabilities	<u>1,232</u>	<u>1,232</u>	<u>2,464</u>
Total current liabilities	636,812	333,746	970,558
Noncurrent:			
Bonds payable, net of current portion	-	546,642	546,642
OPEB liability	4,619	4,620	9,239
Other liabilities, net of current portion	<u>11,092</u>	<u>11,092</u>	<u>22,184</u>
Total noncurrent liabilities	<u>15,711</u>	<u>562,354</u>	<u>578,065</u>
<b>TOTAL LIABILITIES</b>	<b>652,523</b>	<b>896,100</b>	<b>1,548,623</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	1,899,750	1,850,788	3,750,538
Unassigned	<u>268,687</u>	<u>310,755</u>	<u>579,442</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>2,168,437</u></b>	<b>\$ <u>2,161,543</u></b>	<b>\$ <u>4,329,980</u></b>

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 321,410	\$ 336,813	\$ 658,223
Total Operating Revenues	321,410	336,813	658,223
<b>Operating Expenses:</b>			
Operating expenses	294,909	385,965	680,874
Depreciation	108,876	95,020	203,896
Total Operating Expenses	403,785	480,985	884,770
Operating Income (Loss)	(82,375)	(144,172)	(226,547)
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental revenue	-	61,159	61,159
Investment income	1,734	1,368	3,102
Interest expense	-	(25,037)	(25,037)
Total Nonoperating Revenues (Expenses), Net	1,734	37,490	39,224
Income (Loss) Before Transfers	(80,641)	(106,682)	(187,323)
<b>Transfers:</b>			
Transfers in	67,292	90,338	157,630
Transfers out	(67,292)	(64,759)	(132,051)
Change in Net Assets	(80,641)	(81,103)	(161,744)
Net Assets at Beginning of Year	2,249,078	2,242,646	4,491,724
Net Assets at End of Year	\$ 2,168,437	\$ 2,161,543	\$ 4,329,980

See notes to financial statements.

TOWN OF BRISTOL, NEW HAMPSHIRE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 324,492	\$ 342,852	\$ 667,344
Payments to vendors and employees	<u>(349,362)</u>	<u>(385,772)</u>	<u>(735,134)</u>
Net Cash Provided By (Used For) Operating Activities	(24,870)	(42,920)	(67,790)
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Transfers in (out)	-	25,579	25,579
Intergovernmental subsidy	<u>-</u>	<u>7,112</u>	<u>7,112</u>
Net Cash (Used For) Noncapital Financing Activities	-	32,691	32,691
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Repayment of debt	-	(11,693)	(11,693)
Acquisition and construction of capital assets	(37,268)	(54,047)	(91,315)
Interest expense	-	(25,037)	(25,037)
Intergovernmental grants/loans	62,822	-	62,822
Intergovernmental subsidy	<u>-</u>	<u>58,211</u>	<u>58,211</u>
Net Cash (Used For) Capital and Related Financing Activities	25,554	(32,566)	(7,012)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	1,734	1,368	3,102
Reclass of restricted cash	<u>16,207</u>	<u>64,640</u>	<u>80,847</u>
Net Cash (Used For) Investing Activities	<u>17,941</u>	<u>66,008</u>	<u>83,949</u>
Net Change in Cash and Short-Term Investments	18,625	23,213	41,838
Cash and Short-Term Investments, Beginning of Year	<u>116,130</u>	<u>122,275</u>	<u>238,405</u>
Cash and Short-Term Investments, End of Year	<u>\$ 134,755</u>	<u>\$ 145,488</u>	<u>\$ 280,243</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u></b>			
Operating income (loss)	\$ (82,375)	\$ (144,172)	\$ (226,547)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	108,876	95,020	203,896
Changes in assets and liabilities:			
User fees	3,082	6,039	9,121
Accrued expenditures	(54,771)	(125)	(54,896)
Other liabilities	(1,202)	(1,202)	(2,404)
OPEB liability	<u>1,520</u>	<u>1,520</u>	<u>3,040</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (24,870)</u>	<u>\$ (42,920)</u>	<u>\$ (67,790)</u>

See notes to financial statements.

# TOWN OF BRISTOL, NEW HAMPSHIRE

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Bristol, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units, except as indicated in Note 2. The following is a summary of the more significant policies:

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2011, it was determined that no entities met the required GASB 39 criteria of component units.

#### B. Government-Wide and Fund Financial Statements

##### Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental

funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include property taxes.

Fund Financial Statements

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 government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with

a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major proprietary funds:

- The *water services* fund accounts for water services provided to the Town's residents.
- The *wastewater services* fund accounts for sewerage treatment services provided to the Town's residents.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment 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 short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

#### E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not

exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

*F. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans).

*G. Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

*H. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

I. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).

- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

*L. Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

*M. Material Changes in Classifications*

The accompanying financial statements reflect various changes in classification from the prior year. See Note 24.

## **2. Departures from Generally Accepted Accounting Principles**

The significant departures of the financial statements from generally accepted accounting principles are as follows:

Capital assets acquisitions are not capitalized in the governmental activities nor is depreciation expense recorded on these assets. This is a departure from generally accepted accounting principles of the United States of America.

## **3. Stewardship, Compliance, and Accountability**

### **A. Budgetary Information**

The Town's budget is originally prepared by the Selectmen's office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

### **B. Budgetary Basis**

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

### **C. Budget/GAAP Reconciliation**

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 4,527,215	\$ 4,486,028
Other financing sources/uses (GAAP basis)	-	<u>25,579</u>
Subtotal (GAAP Basis)	4,527,215	4,511,607
Adjust tax revenue to accrual basis	38,274	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(85,877)
Add end-of-year appropriation carryforwards from expenditures	-	26,767
Recognize use of fund balance as funding source	165,000	-
Eliminate capital reserve activity	(6,393)	(21,765)
Other GAAP timing differences	<u>(126,302)</u>	<u>(83,824)</u>
Budgetary basis	<u>\$ 4,597,794</u>	<u>\$ 4,346,908</u>

*D. Deficit Fund Equity*

The following funds had deficits as of December 31, 2011:

Capital projects in the nonmajor funds	
Smith River project	\$ (6,627)
Brownfields grant expense	(1,984)
Central Street Bridge construction	<u>(456)</u>
Total nonmajor unassigned	<u>\$ (9,067)</u>
Capital projects in the sewer enterprise fund	
Preliminary design sewer to lake	\$ (91,236)
Waste water plant upgrades	\$ (106,776)
Sewer plant compliance project	\$ (63,104)

The deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

**4. Cash and Short-Term Investments**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. RSA 48:16 limits “deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank.” The Town does not have a deposit policy for custodial credit risk.

As of December 31, 2011, \$ 5,251 of the Town’s bank balance of \$ 3,145,066 was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank’s trust department not in the Town’s name.

**5. Investments**

*A. Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year end for each investment of the Town:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>Aaa</u>	<u>Aa</u>	<u>Not Rated</u>
Mutual funds	\$ <u>114,716</u>	N/A	\$ <u>114,716</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total investments	\$ <u>114,716</u>		\$ <u>114,716</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

*B. Custodial Credit Risk*

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have policies for custodial credit risk. All of the securities are at risk because the securities are held by one custodian and are not held in the name of the Town.

The Town has a custodial credit risk exposure of \$ 114,716 because the related securities are uninsured, unregistered and held by the Town's brokerage firm, which is also the counterparty to these securities.

*C. Concentration of Credit Risk*

The Town places no limit on the amount the Town may invest in any one issuer.

*D. Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Town has no securities that are sensitive to market interest rate fluctuations.

*E. Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**6. Restricted Cash**

Restricted cash represents capital reserve funds held by the trustees of trust funds as of December 31, 2011.

**7. Taxes Receivable**

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Taxes receivable at December 31, 2011 consist of the following:

Real Estate		
2011	\$ <u>1,636,417</u>	1,636,417
Unredeemed Taxes:		
2010	344,485	
2009	28,586	
2008	10,623	
Prior	<u>(37,904)</u>	
		345,790
A/R Water/Sewer Liens		<u>2,383</u>
Total		\$ <u><u>1,984,590</u></u>

**8. Allowance for Doubtful Accounts**

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful:

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 99,861	\$ -
User fees	\$ -	\$ 16,573

**9. Intergovernmental Receivables**

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2011.

**10. Interfund Fund Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2011 balances in inter-fund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 425,306	\$ 262,188
Capital Project Funds	261,384	164,190
Enterprise Funds	<u>54,047</u>	<u>314,359</u>
Total	\$ <u><u>740,737</u></u>	\$ <u><u>740,737</u></u>

## 11. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,841,560	\$ -	\$ -	\$ 2,841,560
Machinery, equipment, and furnishings	1,748,545	-	-	1,748,545
Infrastructure	<u>2,370,148</u>	<u>266,557</u>	<u>-</u>	<u>2,636,705</u>
Total capital assets, being depreciated	6,960,253	266,557	-	7,226,810
Less accumulated depreciation for:				
Buildings and improvements	(1,838,242)	(24,286)	-	(1,862,528)
Machinery, equipment, and furnishings	(1,159,825)	(100,781)	-	(1,260,606)
Infrastructure	<u>(1,560,955)</u>	<u>(78,830)</u>	<u>-</u>	<u>(1,639,785)</u>
Total accumulated depreciation	<u>(4,559,022)</u>	<u>(203,897)</u>	<u>-</u>	<u>(4,762,919)</u>
Total capital assets, being depreciated, net	2,401,231	62,660	-	2,463,891
Capital assets, not being depreciated:				
Land	9,894	-	-	9,894
Construction in progress	<u>2,108,783</u>	<u>91,316</u>	<u>(266,557)</u>	<u>1,933,542</u>
Total capital assets, not being depreciated	<u>2,118,677</u>	<u>91,316</u>	<u>(266,557)</u>	<u>1,943,436</u>
Business-type activities capital assets, net	<u>\$ 4,519,908</u>	<u>\$ 153,976</u>	<u>\$ (266,557)</u>	<u>\$ 4,407,327</u>

Depreciation expense was charged to functions of the Town as follows:

<b>Business-Type Activities:</b>	
Water	\$ 108,876
Sewer	<u>95,020</u>
Total depreciation expense - business-type activities	<u>\$ 203,896</u>

## 12. Accounts Payable

Accounts payable represent 2011 expenditures paid on or after January 1, 2012.

## 13. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund *deferred revenues* account is equal to the total of all December 31, 2011 receivable balances, except property taxes that are accrued for subsequent 60-day collections.

**14. Tax Refunds Payable**

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Board of Tax and Land Appeals.

**15. Capital Lease Obligations**

The Town is the lessee of certain equipment under capital leases expiring in various years through 2015. Future minimum lease payments under the capital leases consisted of the following as of December 31, 2011:

	<u>Fiscal Year</u>	<u>Capital Leases</u>
	2012	\$ 83,281
	2013	85,944
	2014	88,692
	2015	<u>91,528</u>
Total minimum lease payments		349,445
Less amounts representing interest		<u>25,403</u>
Present Value of Minimum Lease Payments		<u>\$ 324,042</u>

**16. Long-Term Debt**

*A. General Obligation Bond and Notes Payable*

The Town issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Notes payable have been issued for both governmental and business-type activities. General obligation bonds have been issued for business-type activities. General obligation bonds and notes payable currently outstanding are as follows:

	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/11</u>
<u>Governmental Activities:</u>			
Central Street Bridge	07/31/17	4.12%	\$ <u>284,211</u>
Total Governmental Activities:			\$ <u>284,211</u>

<u>Business-Type Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of <u>12/31/11</u>
Sewerage treatment plant upgrades	09/28/33	4.25%	\$ 168,969
Sewerage treatment plant upgrades	07/28/39	4.50%	<u>389,885</u>
Total Business-Type Activities:			<u>\$ 558,854</u>

**B. Future Debt Service**

The annual payments to retire all long-term debt outstanding as of December 31, 2011 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 47,368	\$ 11,709	\$ 59,077
2013	47,368	9,758	57,126
2014	47,368	7,806	55,174
2015	47,368	5,855	53,223
2016	47,368	3,903	51,271
2017 - 2021	<u>47,368</u>	<u>1,952</u>	<u>49,320</u>
Total	<u>\$ 284,208</u>	<u>\$ 40,983</u>	<u>\$ 325,191</u>

The general fund has been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2011.

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 12,212	\$ 24,643	\$ 36,855
2013	12,752	24,103	36,855
2014	13,318	23,537	36,855
2015	13,908	22,947	36,855
2016	14,525	22,330	36,855
2017 - 2021	82,870	101,406	184,276
2022 - 2026	102,947	81,328	184,275
2027 - 2031	127,893	56,382	184,275
Thereafter	<u>178,429</u>	<u>30,993</u>	<u>209,422</u>
Total	<u>\$ 558,854</u>	<u>\$ 387,669</u>	<u>\$ 946,523</u>

**C. Changes in General Long-Term Liabilities**

During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Total Balance 1/1/11	Additions	Reductions	Total Balance 12/31/11	Less Current Portion	Equals Long-Term Portion 12/31/11
<u>Governmental Activities</u>						
Bonds and notes payable	\$ 331,579	\$ -	\$ (47,368)	\$ 284,211	\$ (47,368)	\$ 236,843
OPEB liability	34,731	17,426	-	52,157	-	52,157
Other:						
Lease payable	430,145	-	(80,700)	349,445	(83,281)	266,164
Accrued employee benefits	127,868	8,736	-	136,604	(13,660)	122,944
Totals	\$ <u>924,323</u>	\$ <u>26,162</u>	\$ <u>(128,068)</u>	\$ <u>822,417</u>	\$ <u>(144,309)</u>	\$ <u>678,108</u>
<u>Business-Type Activities</u>						
Bonds and notes payable	\$ 570,547	\$ -	\$ (11,693)	\$ 558,854	\$ (12,212)	\$ 546,642
OPEB liability	6,199	3,040	-	9,239	-	9,239
Other:						
Accrued employee benefits	27,052	-	(2,404)	24,648	(2,464)	22,184
Totals	\$ <u>603,798</u>	\$ <u>3,040</u>	\$ <u>(14,097)</u>	\$ <u>592,741</u>	\$ <u>(14,676)</u>	\$ <u>578,065</u>

## 17. Restricted Net Assets

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

## 18. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

In fiscal year 2011, the Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2011:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

**19. General Fund Unassigned Fund Balance**

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund undesignated fund balance:

GAAP basis balance	\$ 312,555
Deferred revenue	756,220
Allowance for doubtful accounts	(99,861)
Other GAAP accruals	<u>81,905</u>
Tax Rate Setting Balance	<u><u>\$ 1,050,819</u></u>

**20. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town’s management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**21. Post-Employment Healthcare and Life Insurance Benefits  
Other Post-Employment Benefits**

The Town implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The Town has elected to use the alternative measurement method instead of obtaining an actuarial valuation. Statement 45 allows employers with less than one hundred total plan members to apply a simplified alternative measurement method instead of obtaining actuarial valuations. The alternative method includes the same broad measurement steps as an actuarial valuation; however, it permits simplification of certain assumptions to make the method usable by nonspecialists. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of a required contribution as an expense on the statement of revenues, expenses, and changes in net assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

The Town provides its eligible retirees, including in some cases their beneficiaries (as govern by RSA 100-A:50), the ability to purchase health, dental, and prescription insurance at the Town's group rates. Although the Town does not supplement the cost of these plans, GASB Statement 45 requires the Town to recognize the liability for the inclusion of any implicit rate subsidies afforded its retirees. This subsidy is generated as a result of the basic nature of insurance - one risk group subsidizes another to arrive at a blended premium, therefore current employees who are young and healthy subsidized the older retirees. As of December 31, 2011, there were 3 retiree subscribers, including eligible spouses and dependents, and 47 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2011 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending December 31, 2011, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an alternative measurement method valuation as of January 1, 2009.

Annual Required Contribution (ARC)	\$ <u>43,466</u>
Annual OPEB cost	43,466
Contributions made	<u>(23,000)</u>
Increase in net OPEB obligation	20,466
Net OPEB obligation - beginning of year	<u>40,930</u>
Net OPEB obligation - end of year	\$ <u><u>61,396</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 43,466	52.9%	\$ 20,466
2010	\$ 43,466	52.9%	\$ 20,466
2011	\$ 43,466	52.9%	\$ 20,466

*E. Funded Status and Funding Progress*

The funded status of the plan as of January 1, 2009, the date of the most recent valuation was as follows:

Actuarial accrued liability (AAL)	\$ 411,192
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 411,192</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 1,389,005</u>
UAAL as a percentage of covered payroll	<u>29.6%</u>

Valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation the projected unit credit cost method was used. The value of assets was not determined as the Town has not advanced its obligation. The assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 10% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4%.

## **22. Pension Plan**

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds.

### **A. Plan Description**

Full-time employees participate in the State of New Hampshire Retirement System (the System), a multiple-employer contributory pension plan and trust 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 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 of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement system (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507. The Town contributes to the New Hampshire Retirement System (the "System"), a cost-sharing multiple-employer, defined benefit pension plan administered by a county retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A:41-a of New Hampshire Law assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial

report that can be obtained through the New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301-8507.

**B. Funding Policy**

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 5% for employees and 9.3% for police and fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, for January – June 2011, 9.16% for employees, 14.63% for police, and 18.52% for fire, for July – August 2011, 11.09% for employees, 25.57% for police, and 30.90% for fire and then August 2011 to December 31, 2011, 8.80% for employees, 19.95% for police, 22.89% for fire. The Town’s contributions to the System for the years ended December 31, 2011, 2010, and 2009 were \$ 231,543, \$ 198,138, and \$ 185,144 respectively, which were equal to its annual required contributions for each of these years.

The payroll for employees covered by the System for the year ended December 31, 2011, was \$ 1,559,060.

**23. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**24. Beginning Fund Balance Net Assets Restatement**

The beginning (January 1, 2011) fund balances of the Town have been restated as follows:

	Fund Equity 12/31/10 (as previously reported)	GASB 34 Reclassification	GASB 54 Reclassification	Fund Equity 12/31/10 (as restated)
General fund	\$ 308,342	\$ -	\$ 202,763	\$ 511,105
Central Street Bridge	(49,556)	49,556	-	-
Nonmajor funds	<u>677,216</u>	<u>(49,556)</u>	<u>(202,763)</u>	<u>424,897</u>
Total	<u>\$ 936,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,002</u>

The GASB 34 reclassification was due to reclassifying the Central Street Bridge construction, a prior year major fund to the nonmajor funds. The

GASB 54 reclassification was due to reclassifying the capital reserve funds from the nonmajor funds into the general fund per the new accounting pronouncement, GASB 54. Accordingly, the following table is provided to reflect a bridge of the ending balances of the current year under GASB 54:

	<u>Non Spendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General Fund						
Reserve for:						
Encumbrance	\$ -	\$ -	\$ -	\$ 26,767	\$ -	\$ 26,767
Capital Reserve	-	-	187,391	-	-	187,391
Unassigned	-	-	-	-	312,555	312,555
sub total	<u>-</u>	<u>-</u>	<u>187,391</u>	<u>26,767</u>	<u>312,555</u>	<u>526,713</u>
Non Major						
Special Revenue	-	196,712	-	-	-	196,712
Capital Projects	-	-	86,378	-	(9,067)	77,311
Permanent Funds						
Nonexpendable	50,485	-	-	-	-	50,485
Expendable	-	3,689	-	-	-	3,689
sub total	<u>50,485</u>	<u>200,401</u>	<u>86,378</u>	<u>-</u>	<u>(9,067)</u>	<u>328,197</u>
Grand Total	<u>\$ 50,485</u>	<u>\$ 200,401</u>	<u>\$ 273,769</u>	<u>\$ 26,767</u>	<u>\$ 303,488</u>	<u>\$ 854,910</u>

**TOWN OF BRISTOL, NEW HAMPSHIRE  
SCHEDULE OF FUNDING PROGRESS  
REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2011  
(Unaudited)**

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
01/01/09	\$ -	\$ 411,192	\$ 411,192	0.0%	\$ 1,389,005	29.6%

See Independent Auditors' Report.