

BRISTOL TOWNSHIP  
POLICE PENSION PLAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010

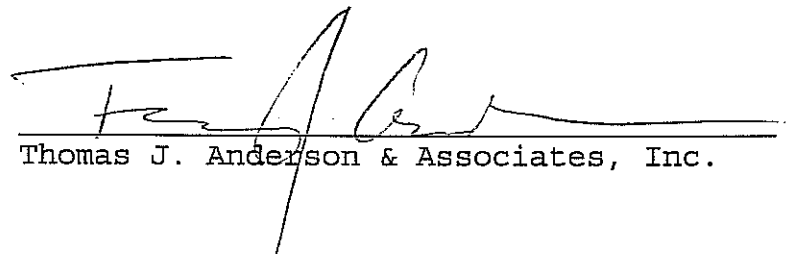
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Township of Bristol  
Council Members  
Bristol Township Police Pension Plan

The accompanying financial statement was prepared for the Bristol Township Police Pension Plan. The statement of plan net assets was prepared as of December 31, 2010. The statement of changes in plan net assets was prepared for the period January 1, 2010 to December 31, 2010.



Thomas J. Anderson & Associates, Inc.

February 2, 2011

BRISTOL TOWNSHIP POLICE PENSION PLAN

Statement of Plan Net Assets  
as of December 31, 2010

<u>ASSETS</u>	<u>2010</u>
Cash and short-term investments:	923,569
Receivables:	
Accrued Income	66,255
Investments, at fair value:	
Corporate Stocks	5,506,474
Mutual Funds	<u>31,524,776</u>
Total Investments	37,031,250
 TOTAL ASSETS	 38,021,075

LIABILITIES

Accrued Investment Expenses	13,331
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Net assets held in trust for pension benefits 38,007,743

See the accompanying notes to the financial statements.

BRISTOL TOWNSHIP POLICE PENSION PLAN

Statement of Changes in Plan Net Assets  
for the year ended December 31, 2010

<u>ADDITIONS</u>	<u>2010</u>
Contributions:	
Employee	317,703
Commonwealth	<u>564,367</u>
Total Contributions	882,070
Investment Income:	
Net appreciation (depreciation) in fair value of investments	3,193,029
Dividend Income	<u>1,312,133</u>
Total Investment Income	4,505,162
Less Investment Expenses	<u>92,621</u>
Net Investment Income	4,412,542
Other Income:	
Miscellaneous Receipts	8,685
Refund of Insurance Premium	<u>7,536</u>
Total Other Income	16,221
<b>TOTAL ADDITIONS</b>	<b>5,310,832</b>
 <u>DEDUCTIONS</u>	
Benefits	2,458,062
 Net Increase	 <u>2,852,770</u>
Net Assets Held in Trust for Pension Benefits:	
Beginning of Year 2010	35,154,973
End of Year 2010	<u>38,007,743</u>

See the accompanying notes to the financial statements.

BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements  
December 31, 2010

NOTE 1 DESCRIPTION OF PLAN

General

The Bristol Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan is controlled by the provisions of Ordinance 2005-02 adopted pursuant to Act 600.

Benefit Provisions

The Plan provides vesting, retirement, survivor, and disability benefits to plan members and their beneficiaries. Cost of living allowances are provided at the discretion of the municipality.

Plan Membership

Membership of the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Active employees .....	76
Retirees and beneficiaries currently receiving benefits .....	61
Terminated employees entitled to benefits but not yet receiving them .....	<u>1</u>
TOTAL	<u>138</u>

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended by Act 189. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements  
December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allowable pension plan expenditures and may be funded with plan assets.

Adoption of Accounting Standards

The Governmental Accounting Standards Board issued Statement Number 40 (GASB 40) Deposit and Investment Risk Disclosures. GASB 40, which amends GASB 3 is intended to update the custodial credit risk disclosure requirements of GASB 3 and to establish more comprehensive disclosure requirements for other common risks associated with the deposits and investments of local government units. Generally, GASB 40 establishes and modifies the disclosure requirements related to specific deposit and investment risks, including custodial credit risk, interest rate risk and foreign currency risk. The requirements of GASB 40 are effective for financial statements prepared as of December 31, 2010.

Deposits & Investments

The Plan's deposits and investments are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

BRISTOL TOWNSHP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Deposits & Investments (Con't)

Deposits

The Plan does not have a formal deposit policy that addresses custodial credit risk or foreign currency risk, however, the Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2010.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plan 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. As of December 31, 2010 the Plan's investment balance exposed to interest rate risk was as follows:

Investment Maturities (in Years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Bond Mutual Funds	\$11,772,524	\$ -	\$2,471,684	\$9,300,840	\$ -
TOTAL	<u>\$11,722,524</u>	<u>\$ -</u>	<u>\$2,471,684</u>	<u>\$9,300,840</u>	<u>\$ -</u>

BRISTOL TOWNSHP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Deposits & Investments (Con't)

Investments (Con't)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a NRSRO (Morningstar for bond mutual funds or Moody's for bonds and mortgages) is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Quality</u>
Bond Mutual Funds	\$3,603,108	AA
Bond Mutual Funds	\$7,208,044	A
Bond Mutual Funds	\$ 961,372	B
Money Market Funds	<u>\$ 923,569</u>	Not Rated
<b>TOTAL</b>	<b><u>\$12,696,093</u></b>	

U.S. government obligations are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the pension plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan does not have a formal investment policy that addresses custodial credit risk. As of December 31, 2010, the Plan had the following uninsured investment securities that are held by either the counterparty or the counterparty's trust department or agent but not in the pension plan's name that were subject to custodial credit risk:



BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Deposits & Investments (Con't)

Investments (Con't)

Custodial Credit Risk (Con't)

<u>Investment Type</u>	<u>Fair Value</u>
Corporate Stocks	\$5,506,474

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities as used in this paragraph includes securities underlying repurchase agreements and investment securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a pension plan's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan does not have a formal investment policy that addresses concentration of credit risk, however, as of December 31, 2010, no investment in any one organization represented five percent (5%) or more of net assets available for benefits.

BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Deposits & Investments (Con't)

Investments (Con't)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a investment. The Plan does not have a formal investment policy that addresses foreign currency risk, however, the Plan held no investments that were exposed to foreign currency risk as of December 31, 2010.

NOTE 3 CONTRIBUTION REQUIREMENTS

Act 205

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

Funding Policy

As a condition of participation, full-time officers are required to contribute 5% of their compensation to the Plan. Furthermore, the Township allocates State Aid received from the Commonwealth of Pennsylvania to this Plan. To the extent that these fundings are not adequate, then the Township would be required to contribute. In accordance with Act 205, the Township was not required to contribute to the Plan for the year 2010.

BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 3 CONTRIBUTION REQUIREMENTS (CON'T)

Financial Requirement and Minimum Municipal Obligation  
Budget for 2010

Normal Cost .....	\$	865,649
Estimated Administrative Expenses .....	\$	8,200
Amortization Contribution .....	\$	0*
Funding Adjustment .....	\$	0
Estimated Members' Contributions .....	\$	301,282
Minimum Municipal Obligation .....	\$	564,367
<Less Actual State Aid Deposited into Plan> ...	<	<u>\$564,367</u> >

**REQUIRED MUNICIPAL OBLIGATION** \$ 0

On September 24, 2008, the Township received and deposited the proceeds of a bond (\$11,180,029) in order to eliminate the plan's unamortized balance as of January 1, 2010. This therefore eliminated the amortization contribution for 2010.

Annual Pension Cost

The Plan's annual pension cost for the current year and related information is as follows:

Contribution Rates:

Municipal	17.24%	
Plan Members	5.00%	
Annual Pension Cost:	564,367	
Contributions Made:	564,367	
Actuarial Valuation Date:	1/1/09	
Actuarial Cost Method:	Entry Age Normal	
Amortization Method:	Level Dollar	
Remaining Amortization Period:	16 Years	
Asset Valuation Method:	130% of Market Value	
Actuarial Assumptions:		
Investment rate of return	8.0%	
Projected salary increases	6.0%	

BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 3 CONTRIBUTION REQUIREMENTS (CON'T)

Annual Pension Cost (Con't)

Three Year Trend

<u>Year Ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	499,322	100%	0
2009	543,501	100%	0
2010	564,367	100%	0

NOTE 4 RECONCILIATION OF MEMBERS' CONTRIBUTIONS

Members' Contributions Deposited for 2010	\$317,703
<Less Members' Contributions Deducted from Members' Salaries>	<\$317,703>
Irreconcilable	<u>\$ 0</u>

NOTE 5 RECONCILIATION OF PENSION PAYMENTS

Pensions Paid from Plan for 2010	\$2,458,062
<Less Pensioner Register>	<\$2,458,062>
Irreconcilable	<u>\$ 0</u>

BRISTOL TOWNSHIP POLICE PENSION PLAN

Notes to the Financial Statements (Con't)  
December 31, 2010

NOTE 6 MISCELLANEOUS INCOME

The following income was the result of investment litigation settlements:

General Motors Co.	3,075
AIG	540
Cardinal Health Inc.	3,543
Williams Co.	305
Conagra Foods	373
Startek, Inc.	<u>849</u>
Total	\$8,685

**BRISTOL TOWNSHIP POLICE PENSION PLAN**

Required Supplementary Information  
Schedule of Funding Progress

The six year historical trend information about the plan is presented herewith as required supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biannually, except for distressed pension plans, which require annual reporting.

(1)                      (2)                      (3)                      (4)                      (5)                      (6)

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded Accrued Liability As a % of Payroll
1/1/99	\$17,886,627	\$22,311,181	80.2	\$ 4,424,554	\$3,963,283	111.6
1/1/01	\$19,044,266	\$27,002,497	70.5	\$ 7,958,231	\$3,766,449	211.3
1/1/03	\$19,583,940	\$30,387,981	64.4	\$10,804,041	\$4,545,463	237.7
1/1/05	\$21,701,499	\$31,809,345	68.2	\$10,107,846	\$4,704,683	214.8
1/1/07	\$25,329,086	\$34,870,323	72.6	\$ 9,541,237	\$5,062,559	188.5
1/1/09	\$38,121,448	\$42,174,232	90.4	\$ 4,052,784	\$5,797,453	69.9