

**BRISTOL TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**  
*Year Ended December 31, 2015*



*Certified Public Accountants and Business Consultants*

# **INTRODUCTORY SECTION**

**BRISTOL TOWNSHIP**  
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YEAR ENDED DECEMBER 31, 2015

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Township Council  
Bristol Township  
Bristol, Pennsylvania

### ***Report on the Financial Statements***

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 Bristol Township as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Bristol Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Township Council  
Bristol Township  
Bristol, Pennsylvania

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bristol Township as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

For the year ended December 31, 2015, Bristol Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pensions Transition for Contributions Made subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, budgetary comparison information on pages 62 and 63, schedule of changes in the net police pension plan liability and related ratios on page 64, schedule of police pension plan contributions on page 65, and postemployment benefits other than pension funding progress on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Maille LLP*

Oaks, Pennsylvania  
August 15, 2016

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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This section of the financial statements for Bristol Township (the "Township") presents a narrative overview and narrative of the Township's financial performance for the fiscal year ended December 31, 2015.

### FINANCIAL HIGHLIGHTS

- The Township's total net position decreased by \$18,793,036 in 2015.
- The General Fund unassigned fund balance at the end of 2015 was \$7,198,546.
- All Township funds ended 2015 with positive fund balances.
- Secured \$10 million for road reconstruction and upgrade of the Township waste water treatment plant.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The report consists of the following four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Other supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the Township's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the Township's Police Pension Trust Fund and budget to actual figures for major funds.

The basic financial statements present two different views of the Township:

- *Government-wide financial statements*, the first two statements, provide information about the Township's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of the Township's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
  - *Governmental Funds statements* show how general government services such as public safety, public works for highways and streets and health and welfare were financed in the short term, as well as what remains for future spending.



# BRISTOL TOWNSHIP

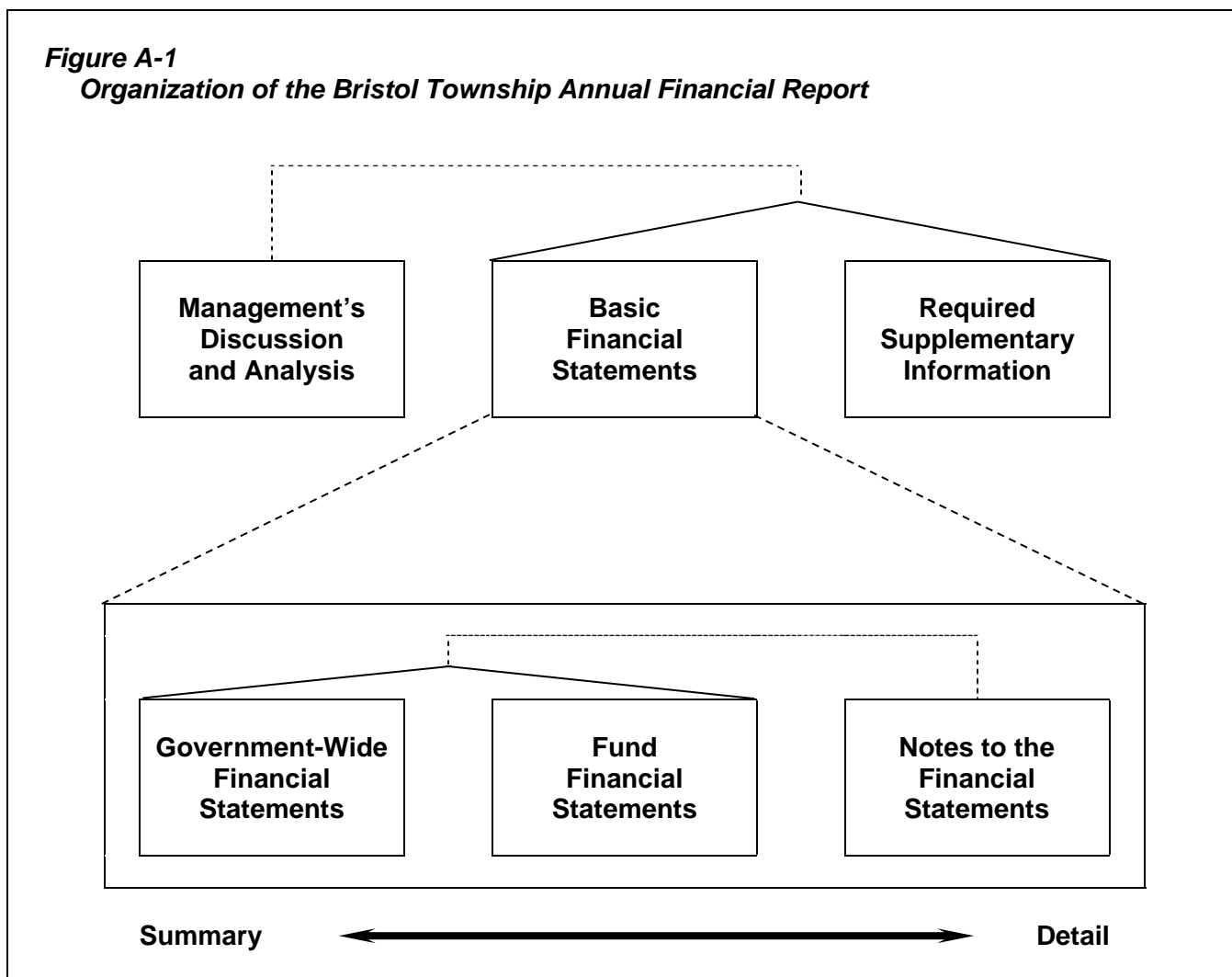
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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- *Proprietary Fund statements* offer short-term and long-term financial information about the activities the Township operates like a business, such as the Water and Sewer Funds.
- *Fiduciary Funds statements* reflect activities involving resources that are held by the Township as a trustee or agent for the benefit of others, including employees of the Township like the Police Pension Trust Fund. Fiduciary Funds are not reflected in the government-wide statements because the resources cannot be used to support the Township's programs.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.



**BRISTOL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2015**

Table A-2 summarizes the major features of the Township's financial statements, including the area of the Township's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire Township (except Fiduciary Funds)	The day-to-day operating activities of the Township, such as public safety and public works	The activities of the Township, such as the Water and Sewer Funds	Instances in which the Township administers resources on behalf of others, such as the Police Pension Fund
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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### Government-Wide Financial Statements

Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all the Township's assets and liabilities, except Fiduciary Funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the Township's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the Township's financial position. Over time, increases or decreases in the Township's net position is one indicator of whether the Township's financial position is improving or deteriorating. However, other nonfinancial factors such as changes in the Township's real property tax base and general economic conditions must be considered to assess the overall position of the Township.

There are two categories of activities for the primary government:

- *Governmental activities* include the Township's basic services such as general government, public safety, public works for highways and streets, community development, health and welfare and culture and recreation. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* such as the Township's Water Fund charge a fee to customers to cover the costs of services.

Net position of the governmental activities differs from the Governmental Funds balances because Governmental Fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets
- Report long-term debt as a liability

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position is net position with constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

### **Fund Financial Statements**

Fund financial statements provide more detailed information on the Township's most significant funds, not the Township as a whole. Funds are accounting devices, i.e., a group of related accounts, the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Governmental Accounting Standards Board (GASB) for governments.

The Township has three kinds of funds:

- *Governmental Funds* include most of the Township's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the Township's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and Governmental Funds is described in a reconciliation that follows the Governmental Funds financial statements.

The Township adopts an annual budget for the General Fund, as required by state law. A budgetary comparison of the Township's General Fund is presented as required supplementary information.

- *The Proprietary Fund* reports business-type programs and activities that charge fees designed to recover the cost of providing services. The Proprietary Fund reports using full accrual accounting.

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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- *Fiduciary Funds* are funds for which the Township is the trustee or fiduciary. These include the Police Pension Plan and certain Agency Funds, or clearing accounts for assets held by the Township in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The Township is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### Net Position

The Township's total assets were \$75,221,552 at December 31, 2015. Of this amount \$41,203,579 was capital assets.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years.

**Table A-3**  
**Condensed Statements of Net Position**  
**December 31, 2015 and 2014**

	Governmental Activities	
	2015	2014
ASSETS		
Capital assets	\$ 41,203,579	\$ 33,319,467
Other assets	34,017,973	40,548,105
TOTAL ASSETS	<u>75,221,552</u>	<u>73,867,572</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,834,777	2,963,631
Deferred outflows related to pensions	2,669,148	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,503,925</u>	<u>2,963,631</u>
LIABILITIES		
Other liabilities	3,029,757	1,228,366
Long-term liabilities	84,689,008	65,844,461
TOTAL LIABILITIES	<u>87,718,765</u>	<u>67,072,827</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>1,482,139</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	23,004,709	14,066,285
Restricted net position	2,325,066	1,632,066
Unrestricted net position	<u>(33,805,202)</u>	<u>(5,939,975)</u>
TOTAL NET POSITION	<u>\$ (8,475,427)</u>	<u>\$ 9,758,376</u>

<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total Percentage Change</u>
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
\$ 13,599,693	\$ 13,687,438	\$ 54,803,272	\$ 47,006,905	16.6%
9,498,596	6,912,683	43,516,569	47,460,788	-8.3%
<u>23,098,289</u>	<u>20,600,121</u>	<u>98,319,841</u>	<u>94,467,693</u>	4.1%
-	-	2,834,777	2,963,631	-4.3%
-	-	2,669,148	-	100.0%
-	-	5,503,925	2,963,631	85.7%
1,192,002	798,192	4,221,759	2,026,558	108.3%
11,659,866	8,996,275	96,348,874	74,840,736	28.7%
<u>12,851,868</u>	<u>9,794,467</u>	<u>100,570,633</u>	<u>76,867,294</u>	30.8%
-	-	1,482,139	-	100.0%
4,958,996	4,703,100	27,963,705	18,769,385	49.0%
-	-	2,325,066	1,632,066	42.5%
5,287,425	6,102,554	(28,517,777)	162,579	-17640.9%
<u>\$ 10,246,421</u>	<u>\$ 10,805,654</u>	<u>\$ 1,770,994</u>	<u>\$ 20,564,030</u>	-91.4%

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

The following statement of activities represents changes in net position for the year ended December 31, 2015. It shows revenues by source and expense by function for governmental activities, business-type activities and the Township as a whole.

**Table A-4**  
**Condensed Statements of Activities**  
**Years Ended December 31, 2015 and 2014**

	Governmental Activities	
	2015	2014
REVENUES		
Program revenues		
Charges for services	\$ 3,962,713	\$ 4,470,259
Operating grants and contributions	2,788,590	3,768,482
Capital grants and contributions	305,127	712,776
General revenues		
Real estate taxes	16,719,769	16,479,113
Earned income taxes	6,642,310	6,098,741
Per capita taxes	111,451	93,039
Mercantile taxes	577,044	557,186
Mechanical devices taxes	55,250	65,650
Local service taxes	963,016	784,267
Amusement taxes	5,398	5,189
In lieu of taxes	60,357	58,328
Unrestricted investment earnings	36,512	30,176
Transfers	35,000	35,000
Miscellaneous	222,000	610,707
<b>TOTAL REVENUES</b>	<b>32,484,537</b>	<b>33,768,913</b>
EXPENSES		
General government	2,677,492	2,698,379
Public safety	18,927,995	18,765,984
Public works, highways and streets	3,480,803	3,832,813
Community development	482,867	376,900
Culture and recreation	398,388	413,467
Sanitation	4,220,637	4,074,562
Interest on long-term debt	1,215,185	1,212,398
Sewer Fund	-	-
<b>TOTAL EXPENSES</b>	<b>31,403,367</b>	<b>31,374,503</b>
<b>CHANGE IN NET POSITION</b>	<b>1,081,170</b>	<b>2,394,410</b>
NET POSITION AT BEGINNING OF YEAR, restated	(9,556,597)	7,363,966
<b>NET POSITION AT END OF YEAR</b>	<b>\$ (8,475,427)</b>	<b>\$ 9,758,376</b>

<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total</u>
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>Percentage</u>
				<u>Change</u>
\$ 5,209,308	\$ 5,252,129	\$ 9,172,021	\$ 9,722,388	-5.7%
	-	2,788,590	3,768,482	-26.0%
	-	305,127	712,776	-57.2%
	-	16,719,769	16,479,113	1.5%
	-	6,642,310	6,098,741	8.9%
	-	111,451	93,039	19.8%
	-	577,044	557,186	3.6%
	-	55,250	65,650	-15.8%
	-	963,016	784,267	22.8%
	-	5,398	5,189	4.0%
	-	60,357	58,328	3.5%
7,586	6,208	44,098	36,384	21.2%
(35,000)	(35,000)	-	-	0.0%
1,001	-	223,001	610,707	-63.5%
<u>5,182,895</u>	<u>5,223,337</u>	<u>37,667,432</u>	<u>38,992,250</u>	-3.4%
-	-	2,677,492	2,698,379	-0.8%
-	-	18,927,995	18,765,984	0.9%
-	-	3,480,803	3,832,813	-9.2%
-	-	482,867	376,900	28.1%
-	-	398,388	413,467	-3.6%
-	-	4,220,637	4,074,562	3.6%
-	-	1,215,185	1,212,398	0.2%
5,810,147	4,401,492	5,810,147	4,401,492	32.0%
<u>5,810,147</u>	<u>4,401,492</u>	<u>37,213,514</u>	<u>35,775,995</u>	4.0%
(627,252)	821,845	453,918	3,216,255	-85.9%
<u>10,805,654</u>	<u>9,983,809</u>	<u>1,249,057</u>	<u>17,347,775</u>	-92.8%
\$ <u>10,178,402</u>	\$ <u>10,805,654</u>	\$ <u>1,702,975</u>	\$ <u>20,564,030</u>	-91.7%



# BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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## Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the Township. In 2015, real estate taxes brought in \$16,719,769 and earned income taxes brought in \$6,642,310.

**Table A-5**  
**Net Cost of Governmental and Business-Type Activities**

<u>Program</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 2,677,492	\$ 1,199,369
Public safety	18,927,995	(17,733,411)
Public works, highways and streets	3,480,803	(2,190,321)
Community development	482,867	67,661
Culture and recreation	398,388	(343,935)
Sanitation	4,220,637	(4,131,115)
Interest on long-term debt	1,215,185	(1,215,185)
Sewer Fund	<u>5,810,147</u>	<u>(600,839)</u>
	<u>\$ 37,213,514</u>	<u>\$ (24,947,776)</u>

The Township relied on real estate taxes, earned income taxes and other general revenues to fund 68% of its governmental and business-type activities in 2015.

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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### Capital Assets

The Township's investment in capital assets at December 31, 2015, net of accumulated depreciation, was \$54,803,272. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2015.

**Table A-6**  
**Capital Assets**

	Governmental Activities	
	2015	2014
Land	\$ 1,580,081	\$ 1,580,081
Construction in progress	4,163,531	4,538,365
Agricultural easement/intangibles	431,125	431,125
Buildings	3,783,139	3,881,639
Improvements	2,247,166	1,973,220
Equipment	7,401,618	6,873,137
Infrastructure	72,483,294	63,229,464
Tanks	-	-
Pump stations	-	-
Collection system	-	-
Accumulated depreciation	<u>(50,886,375)</u>	<u>(49,187,564)</u>
CAPITAL ASSETS, net	<u>\$ 41,203,579</u>	<u>\$ 33,319,467</u>

Detailed information about the Township's capital assets can be found in Note D.

Business-Type Activities		Total Primary Government		Total Percentage Change
2015	2014	2015	2014	
\$ 140,000	\$ 140,000	\$ 1,720,081	\$ 1,720,081	0.0%
53,290	-	4,216,821	4,538,365	-7.1%
-	-	431,125	431,125	0.0%
10,843,681	10,843,681	14,626,820	14,725,320	-0.7%
10,570	10,570	2,257,736	1,983,790	13.8%
4,156,288	4,140,930	11,557,906	11,014,067	4.9%
-	-	72,483,294	63,229,464	14.6%
1,964,174	1,964,174	1,964,174	1,964,174	0.0%
3,751,978	3,581,599	3,751,978	3,581,599	4.8%
5,628,453	5,542,763	5,628,453	5,542,763	1.5%
(12,948,741)	(12,536,279)	(63,835,116)	(61,723,843)	3.4%
<u>\$ 13,599,693</u>	<u>\$ 13,687,438</u>	<u>\$ 54,803,272</u>	<u>\$ 47,006,905</u>	16.6%

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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### Debt Administration

At December 31, 2015, the Township had \$96,348,874 of debt outstanding, including general obligation bonds, compensated absences, capital leases, net pension liability, a liability for other postemployment benefits and estimated workers compensation claims. Debt and other liabilities increased due mostly to the increase in the Township's liability for postemployment benefits required by GASB 45. Detailed information about the Township's debt can be found in Note E.

The following is a summary of changes in long-term debt at December 31, 2015:

**Table A-7**  
**Statement of Long-Term Debt**

	Beginning Balance	Additions	Deletions	Ending Balance
Bonds	\$ 33,954,000	\$ 10,000,000	\$ (1,288,000)	\$ 42,666,000
Notes payable	7,149,784	-	(376,805)	6,772,979
Compensated absences	3,090,592	529,067	(536,536)	3,083,123
Net pension liability	9,565,100	234,450	-	9,799,550
Capital leases	667,245	-	(162,407)	504,838
Bond premiums	30,122	138,879	(6,865)	162,136
Liability for other postemployment benefits	<u>29,948,993</u>	<u>5,524,598</u>	<u>(2,113,343)</u>	<u>33,360,248</u>
TOTAL LONG-TERM DEBT	<u>\$ 84,405,836</u>	<u>\$ 16,426,994</u>	<u>\$ (4,483,956)</u>	<u>\$ 96,348,874</u>

### FUND FINANCIAL STATEMENTS

#### Governmental Funds

The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The Township's Governmental Funds include the General Fund, Special Revenue Funds, Capital Project Funds and the Debt Service Funds. The General Fund is the chief operating fund for the Township. Special Revenue Funds are restricted to specific legislated use. Capital Project Funds account for the proceeds of bond issues. The major funds are shown on the balance sheet and the statement of revenues, expenditures and changes in fund balances in the financial statements.

**BRISTOL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2015**

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**Governmental Funds Revenues**

Governmental Funds revenues by sources are as follows:

**Table A-8**  
**Revenues by Source, Governmental Funds**

	<u>2015</u>	<u>2014</u>	<u>Changes</u>
REVENUES			
Taxes	\$ 25,050,452	\$ 24,151,488	\$ 898,964
Licenses, fees and permits	2,939,021	3,566,833	(627,812)
Charges for services	728,424	606,213	122,211
Court costs, fines and forfeits	202,650	207,668	(5,018)
Intergovernmental	3,246,692	4,629,131	(1,382,439)
Interest	36,512	30,176	6,336
Other and reimbursed expenditures	222,000	610,707	(388,707)
OTHER FINANCING SOURCES			
Issuance of debt	7,097,215	21,701,527	(14,604,312)
Operating transfers in	8,502,078	1,270,816	7,231,262
TOTAL	<u>\$ 48,025,044</u>	<u>\$ 56,774,559</u>	<u>\$ (8,749,515)</u>

Tax revenues were up 3.7% when compared to the year ended December 31, 2014. This was fueled by a robust increase in employment based taxes and an improving economic outlook enabling taxpayers to either catch up on delinquent taxes or allow others from outside the Township to buy property and increase the tax base. In fact, all major taxing classifications, except the relatively minor mechanical devices tax, showed marginal to robust growth.

Revenues from licenses, fees and permits was down as expected from 2014 because no comparable project to the local school district building three new super sized elementary schools was realized in 2015 to replace that revenue.

In 2015, other and reimbursed expenditures was significantly down because of several one time revenues such as a PECO rebate, an open space grant and a refund from the Townships copier vendor from 2014 were not replaced.

The Township issues debt based on the need to fund large projects for the benefit of its taxpayers. In 2014 the Township refinanced twenty million dollars in previously issued debt to take advantage of historically low interest rates. In 2015, the Township issued ten million dollars in general obligation bonds, seven million dollars for the Townships ongoing road reconstruction program and for renovation of its antiquated municipal building and three million dollars to upgrade its waste water treatment plant.

Operating transfers in (and corresponding transfers out) are a result of councils commitment to prefund debt payments and capital improvements out of current General Fund surpluses.

**BRISTOL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2015**

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**Governmental Funds Expenditures**

Governmental Funds expenditures by function are as follows:

**Table A-9**  
**Expenditures by Function, Governmental Funds**

	<u>2015</u>	<u>2014</u>	<u>Changes</u>
<b>EXPENDITURES</b>			
General government	\$ 2,634,432	\$ 2,557,075	\$ 77,357
Public safety	16,553,577	14,940,696	1,612,881
Public works, highways and streets	11,328,342	7,001,821	4,326,521
Community development	550,342	1,116,782	(566,440)
Sanitation	4,220,637	4,074,562	146,075
Culture and recreation	334,486	360,626	(26,140)
Debt service			
Principal	1,532,496	1,500,601	31,895
Interest	1,003,433	1,188,974	(185,541)
<b>OTHER FINANCING USES</b>			
Operating transfers out	8,467,078	1,235,816	7,231,262
Payment to redeem bonds	-	18,498,975	(18,498,975)
<b>TOTAL</b>	<b>\$ <u>46,624,823</u></b>	<b>\$ <u>52,475,928</u></b>	<b>\$ <u>(5,851,105)</u></b>

Overall year on year expenditures rose 15.6%. This was a reflection of significant increase in personnel costs due to contractual increases, benefit inflation and accelerated "retirement" costs because of an arbitrator imposed DROP plan for the police without the corresponding decrease in salary that accompanies retirement. It also reflects cash settlements with one of the Township's main bargaining units and the Township's continued commitment to upgrade roads, street signals, lights and other deteriorating infrastructure.

Debt service payments are lower because of the Township Council's decision to refinance prior issued debt at historically low interest rates. The mix of principal and interest reflects what happens as the debt is payed down and more principal and less interest is included in each payment.

Operating transfers out are the corresponding item to operating transfers in and reflect amounts that have been transferred to fund capital projects and debt service.

# BRISTOL TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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### Governmental Fund Balances

Ending fund balances for Governmental Funds and Net Position for Proprietary Funds at December 31, 2015, are as follows:

**Table A-10**  
**Ending Fund Balances, Governmental Funds**  
**Net Position, Proprietary Funds**

Fund	Governmental Funds	Proprietary Fund
General Fund	\$ 7,261,828	\$ -
Refuse Fund	3,498,053	-
Debt Service Fund	8,917,481	-
Capital Reserve Fund	6,884,918	-
Other Governmental Funds	3,462,016	-
Sewer Fund	-	10,246,421
	<u>\$ 30,024,296</u>	<u>\$ 10,246,421</u>

### BUDGETARY HIGHLIGHTS

The total General Fund revenues came in \$1,620,193 over projections due to continued strong collections for delinquent taxes, a slight uptick in assessed value of real estate and solid increases in real estate transfer taxes, EIT and LST. In fact, all but one major tax category registered year on year growth. Other areas took a step back from 2014 as some one time revenues were not replaced. However, from a budgetary standpoint, as noted before General Fund revenues exceeded expectations overall.

Total General Fund expenditures were \$1,135,504 over projection. This again, is because even as the Township was under financial pressure from escalating per worker costs it was able to maintain an appropriate sized work force that balances service to the taxpayer and cost to the taxpayer.

All together, this eliminated the need to balance the budget through reserve transfers and actually allowed for a transfer to fund current capital projects and to prefund debt service on long term capital projects.

### ECONOMIC CONDITIONS

Unemployment in Bristol Township tends to exceed the county-wide unemployment rate. In addition, the median household income is also lower than the county-wide figure. For these reasons, economic factors tend to have a greater impact on Bristol Township than they do in surrounding communities.

The Township Council and administration has adopted ordinances and policies aimed at creating jobs and expanding the tax base while removing barriers to investment in Bristol Township. These actions to stimulate economic development have had a direct impact on increasing revenues such as the earned income, real estate transfer, local services, and mercantile taxes.

# **BRISTOL TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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## **NEXT YEAR'S BUDGET**

The Township was able to support its operation with no tax increase in 2016 due to the reductions in staff and other operating expenditures.

Township employees are represented by three labor unions and a total of six collective bargaining agreements that establish labor costs for all but nine full-time employees. In particular, post-retirement healthcare and pension costs have become burdensome to maintain. The Township is currently negotiating with three of the six collective bargaining units to provide wage and benefit levels that are financially sustainable.

## **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability. Questions concerning this financial information or requests for additional information should be directed to:

Township of Bristol  
Township Manager  
2501 Bath Road  
Bristol, PA 19007



**BRISTOL TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and equivalents	\$ 29,597,377	\$ 8,208,673	\$ 37,806,050
Restricted cash	128,051	81,909	209,960
Receivables			
Accounts, net	553,791	1,097,483	1,651,274
Taxes, net	2,938,394	-	2,938,394
Internal balances	3,115	(3,115)	-
Due from other governmental agencies	733,963	-	733,963
Other assets	63,282	113,646	176,928
Capital assets			
Capital assets, not being depreciated	6,174,737	193,290	6,368,027
Capital assets, net of accumulated depreciation	35,028,842	13,406,403	48,435,245
<b>TOTAL CAPITAL ASSETS</b>	<b>41,203,579</b>	<b>13,599,693</b>	<b>54,803,272</b>
<b>TOTAL ASSETS</b>	<b>75,221,552</b>	<b>23,098,289</b>	<b>98,319,841</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	2,834,777	-	2,834,777
Deferred outflows related to pensions	2,669,148	-	2,669,148
<b>TOTAL DEFERRED OUTFLOWS         OF RESOURCES</b>	<b>5,503,925</b>	<b>-</b>	<b>5,503,925</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	2,436,362	1,029,485	3,465,847
Accrued interest payable	196,650	72,226	268,876
Unearned revenues	268,029	8,382	276,411
Escheat liability	128,051	5,652	133,703
Escrow deposits	-	76,257	76,257
Due to Agency Fund	665	-	665
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	1,821,661	67,339	1,889,000
Notes payable	-	387,815	387,815
Capital leases	167,748	-	167,748
Portion due or payable after one year			
Bonds payable	36,017,852	4,759,148	40,777,000
Notes payable	-	6,385,164	6,385,164
Capital leases	337,090	-	337,090
Bond premiums	114,422	47,714	162,136
Compensated absences	3,070,437	12,686	3,083,123
Net pension liability	9,799,550	-	9,799,550
Net OPEB obligation	33,360,248	-	33,360,248
<b>TOTAL LIABILITIES</b>	<b>87,718,765</b>	<b>12,851,868</b>	<b>100,570,633</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,482,139	-	1,482,139
<b>NET POSITION</b>			
Net investment in capital assets	23,004,709	4,958,996	27,963,705
Restricted	2,325,066	-	2,325,066
Unrestricted	(33,805,202)	5,287,425	(28,517,777)
<b>TOTAL NET POSITION</b>	<b>\$ (8,475,427)</b>	<b>\$ 10,246,421</b>	<b>\$ 1,770,994</b>

See accompanying notes to the basic financial statements.

**BRISTOL TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 2,677,492	\$ 3,267,773	\$ 609,088	\$ -
Public safety	18,927,995	625,872	556,461	12,251
Public works	3,480,803	-	1,290,482	-
Sanitation	4,220,637	5,920	83,602	-
Culture and recreation	398,388	51,703	2,750	-
Community development	482,867	11,445	246,207	292,876
Interest on long-term debt	1,215,185	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>31,403,367</b>	<b>3,962,713</b>	<b>2,788,590</b>	<b>305,127</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Sewer Fund	5,810,147	5,209,308	-	-
<b>TOTAL TOWNSHIP ACTIVITIES</b>	<b>\$ 37,213,514</b>	<b>\$ 9,172,021</b>	<b>\$ 2,788,590</b>	<b>\$ 305,127</b>

**GENERAL REVENUES**

Taxes

- Property taxes
- Earned income tax
- Local services tax
- Real estate transfer tax
- Per capita tax
- Mercantile tax
- Mechanical devices tax
- Amusement tax
- In lieu of taxes
- Unrestricted investment earnings
- Miscellaneous

**TRANSFERS**

**TOTAL GENERAL REVENUES AND TRANSFERS**

**CHANGE IN NET POSITION**

**NET POSITION AT BEGINNING OF YEAR, restated**

**NET POSITION AT END OF YEAR**

*See accompanying notes to the basic financial statements.*

Net (Expense) Revenue and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>
\$ 1,199,369	\$ -	\$ 1,199,369
(17,733,411)	-	(17,733,411)
(2,190,321)	-	(2,190,321)
(4,131,115)	-	(4,131,115)
(343,935)	-	(343,935)
67,661	-	67,661
<u>(1,215,185)</u>	<u>-</u>	<u>(1,215,185)</u>
(24,346,937)	-	(24,346,937)
<u>-</u>	<u>(600,839)</u>	<u>(600,839)</u>
<u>(24,346,937)</u>	<u>(600,839)</u>	<u>(24,947,776)</u>
15,652,715	-	15,652,715
6,642,310	-	6,642,310
963,016	-	963,016
1,067,054	-	1,067,054
111,451	-	111,451
577,044	-	577,044
55,250	-	55,250
5,398	-	5,398
60,357	-	60,357
36,512	7,586	44,098
222,000	1,001	223,001
35,000	(35,000)	-
<u>25,428,107</u>	<u>(26,413)</u>	<u>25,401,694</u>
1,081,170	(627,252)	453,918
<u>(9,556,597)</u>	<u>10,873,673</u>	<u>1,317,076</u>
<u>\$ (8,475,427)</u>	<u>\$ 10,246,421</u>	<u>\$ 1,770,994</u>

**BRISTOL TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

	General Fund	Capital Reserve Fund
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,461,862	\$ 8,526,160
Cash, restricted	128,051	-
Accounts receivable	489,211	15,499
Taxes receivable, net	2,418,414	-
Due from other funds	72,385	-
Due from other governments	-	-
Prepaid expenses	63,282	-
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 8,633,205</u>	<u>\$ 8,541,659</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 346,588	\$ 1,656,741
Due to other funds	-	-
Due to Agency Fund	665	-
Unearned revenue	177,869	-
Accrued expenses	64,180	-
Escheat liability	128,051	-
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>717,353</u>	<u>1,656,741</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues, property taxes	654,024	-
	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>		
Nonspendable, prepaid expenses	63,282	-
Restricted		
Communications	-	-
Law enforcement	-	-
Road repairs	-	-
Community development	-	-
Public safety	-	-
Committed		
Capital projects	-	2,993,558
Sanitation	-	-
Parks and recreation	-	-
Street lights	-	-
Public safety	-	-
Debt service	-	-
Blighted properties	-	-
Assigned		
Sanitation	-	-
Capital projects	-	3,891,360
Unassigned	7,198,546	-
	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>7,261,828</u>	<u>6,884,918</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,633,205</u>	<u>\$ 8,541,659</u>

*See accompanying notes to the basic financial statements.*

<u>Refuse Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,520,384	\$ 8,912,594	\$ 3,176,377	\$ 29,597,377
-	-	-	128,051
16,045	-	33,036	553,791
255,899	90,877	173,204	2,938,394
-	3,115	5,350	80,850
-	-	733,963	733,963
-	-	-	63,282
<u>\$ 3,792,328</u>	<u>\$ 9,006,586</u>	<u>\$ 4,121,930</u>	<u>\$ 34,095,708</u>
\$ 30,090	\$ 207	\$ 338,556	\$ 2,372,182
-	-	77,735	77,735
-	-	-	665
16,045	-	74,115	268,029
-	-	-	64,180
-	-	-	128,051
<u>46,135</u>	<u>207</u>	<u>490,406</u>	<u>2,910,842</u>
<u>248,140</u>	<u>88,898</u>	<u>169,508</u>	<u>1,160,570</u>
-	-	-	63,282
-	-	47,343	47,343
-	-	56,542	56,542
-	-	2,185,833	2,185,833
-	-	31,395	31,395
-	-	3,953	3,953
-	-	44,287	3,037,845
2,926,941	-	-	2,926,941
-	-	594,018	594,018
-	-	409,755	409,755
-	-	20,757	20,757
-	8,917,481	-	8,917,481
-	-	68,133	68,133
571,112	-	-	571,112
-	-	-	3,891,360
-	-	-	7,198,546
<u>3,498,053</u>	<u>8,917,481</u>	<u>3,462,016</u>	<u>30,024,296</u>
<u>\$ 3,792,328</u>	<u>\$ 9,006,586</u>	<u>\$ 4,121,930</u>	<u>\$ 34,095,708</u>

# BRISTOL TOWNSHIP

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2015

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TOTAL GOVERNMENTAL FUNDS BALANCES \$ 30,024,296

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,580,081
Intangibles	431,125
Construction in progress	4,163,531
Buildings	3,783,139
Improvements	2,247,166
Equipment	7,401,618
Infrastructure	72,483,294
Accumulated depreciation	(50,886,375)

Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Deferred loss on defeasance of debt	2,834,777
-------------------------------------	-----------

Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore are not reported in the governmental funds.

1,187,009

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest	(196,650)
Bonds payable	(37,839,513)
Capital leases	(504,838)
Bond premiums	(114,422)
Compensated absences	(3,070,437)
Net pension liability	(9,799,550)
Net OPEB obligation	(33,360,248)

Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

1,160,570

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (8,475,427)

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>
<b>REVENUES</b>		
Taxes		
Property	\$ 7,468,260	\$ -
Transfer	1,067,054	-
Earned income	6,642,310	-
Other	1,712,159	-
Fees and fines	202,650	-
Licenses and permits	2,939,021	-
Intergovernmental	794,498	-
Charges for services	530,981	-
Investment income and rent	13,182	9,305
Miscellaneous	176,278	-
	<u>21,546,393</u>	<u>9,305</u>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES</b>		
Current		
General government	2,488,499	141,991
Public safety	14,087,631	443,807
Public works	1,518,816	9,083,310
Community development	-	-
Sanitation	-	-
Culture and recreation	-	-
Debt service		
Principal	190,000	82,089
Interest and other charges	80,820	-
	<u>18,365,766</u>	<u>9,751,197</u>
<b>TOTAL EXPENDITURES</b>		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		
	<u>3,180,627</u>	<u>(9,741,892)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from long-term debt	-	7,097,215
Transfers in	400,000	2,688,160
Transfers out	(7,832,078)	-
	<u>(7,432,078)</u>	<u>9,785,375</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		
<b>NET CHANGE IN FUND BALANCES</b>		
	(4,251,451)	43,483
<b>FUND BALANCES AT BEGINNING OF YEAR</b>		
	<u>11,513,279</u>	<u>6,841,435</u>
<b>FUND BALANCES AT END OF YEAR</b>		
	<u>\$ 7,261,828</u>	<u>\$ 6,884,918</u>

*See accompanying notes to the basic financial statements.*

Refuse Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,217,804	\$ 1,011,921	\$ 1,930,944	\$ 15,628,929
-	-	-	1,067,054
-	-	-	6,642,310
-	-	-	1,712,159
-	-	-	202,650
-	-	-	2,939,021
83,602	-	2,368,592	3,246,692
5,920	-	191,523	728,424
4,136	5,915	3,974	36,512
-	-	45,722	222,000
<u>5,311,462</u>	<u>1,017,836</u>	<u>4,540,755</u>	<u>32,425,751</u>
-	3,942	-	2,634,432
-	-	2,022,139	16,553,577
-	-	726,216	11,328,342
-	-	550,342	550,342
4,220,637	-	-	4,220,637
-	-	334,486	334,486
-	1,098,000	162,407	1,532,496
-	903,392	19,221	1,003,433
<u>4,220,637</u>	<u>2,005,334</u>	<u>3,814,811</u>	<u>38,157,745</u>
<u>1,090,825</u>	<u>(987,498)</u>	<u>725,944</u>	<u>(5,731,994)</u>
-	-	-	7,097,215
-	5,250,000	163,918	8,502,078
(300,000)	-	(335,000)	(8,467,078)
<u>(300,000)</u>	<u>5,250,000</u>	<u>(171,082)</u>	<u>7,132,215</u>
790,825	4,262,502	554,862	1,400,221
<u>2,707,228</u>	<u>4,654,979</u>	<u>2,907,154</u>	<u>28,624,075</u>
\$ <u><u>3,498,053</u></u>	\$ <u><u>8,917,481</u></u>	\$ <u><u>3,462,016</u></u>	\$ <u><u>30,024,296</u></u>



## BRISTOL TOWNSHIP

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,400,221
Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$9,919,318) exceed depreciation (\$2,035,206) in the current period.	7,884,112
Deferred charges are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term lives of debt instruments as amortization expense. This is the amount by which amortization exceeds capital outlays in the current period.	(221,221)
Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.	23,786
The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt.	(5,549,593)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:	
Accrued interest not reflected in Governmental Funds	(5,657)
Pension plan expense	952,559
In the statement of activities, certain operating expenses--compensated absences (vacations, comp time and sick leave)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	8,218
Net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.	<u>(3,411,255)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,081,170</u>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2015**

Sewer Fund

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 8,208,673
Restricted cash	81,909
Accounts receivable, net	1,011,383
Other receivables	86,100
Prepaid expenses and other assets	<u>113,646</u>

TOTAL CURRENT ASSETS 9,501,711

CAPITAL ASSETS

Not being depreciated	193,290
Being depreciated, net	<u>13,406,403</u>

TOTAL CAPITAL ASSETS 13,599,693

TOTAL ASSETS 23,101,404

LIABILITIES

CURRENT LIABILITIES

Accounts payable	1,029,485
Accrued interest payable	72,226
Bonds payable	67,339
Due to other funds	3,115
Deferred revenue	8,382
Escheat liability	5,652
Escrow deposits	76,257
Notes payable	<u>387,815</u>

TOTAL CURRENT LIABILITIES 1,650,271

NONCURRENT LIABILITIES

Compensated absences	12,686
Notes payable	6,385,164
Bonds payable	4,759,148
Bond premiums	<u>47,714</u>

TOTAL NONCURRENT LIABILITIES 11,204,712

TOTAL LIABILITIES 12,854,983

NET POSITION

Net investment in capital assets	4,958,996
Unrestricted	<u>5,287,425</u>

TOTAL NET POSITION \$ 10,246,421

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 4,800,064
Penalties and interest	253,141
Other revenues	<u>157,104</u>
TOTAL OPERATING REVENUES	<u>5,210,309</u>
OPERATING EXPENSES	
Administrative	1,176,197
Operating	3,904,306
Depreciation	<u>480,481</u>
TOTAL OPERATING EXPENSES	<u>5,560,984</u>
OPERATING LOSS	<u>(350,675)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	7,586
Interest expense	(213,982)
Bond issuance expense	<u>(35,181)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(241,577)</u>
LOSS BEFORE TRANSFERS	(592,252)
TRANSFERS OUT	<u>(35,000)</u>
CHANGE IN NET POSITION	(627,252)
NET POSITION AT BEGINNING OF YEAR, restated	<u>10,873,673</u>
NET POSITION AT END OF YEAR	<u>\$ 10,246,421</u>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 5,070,634
Payments to employees	(341,507)
Payments to suppliers	<u>(4,329,271)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>399,856</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	<u>(35,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition, construction and improvements of capital assets	(324,717)
Proceeds from bond	3,006,483
Bond principal repayment	(376,805)
Interest paid on bonds	(165,017)
Grants and contributions	<u>48,500</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>2,188,444</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on investments	<u>7,586</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,560,886
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>5,729,696</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 8,290,582</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (350,675)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	480,481
(Increase) decrease in	
Accounts receivable	(68,207)
Other receivable	(86,100)
Prepaid expenses and other assets	77,665
Increase in	
Accounts payable	328,196
Accrued salaries and benefits	749
Due to other funds	3,115
Deferred revenue	8,382
Escrow deposits	<u>6,250</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 399,856</u>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

DECEMBER 31, 2015

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	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 634,165	\$ 1,371,956
Investments	45,656,362	-
Receivables	43,748	-
Due from Township	-	665
	<u>46,334,275</u>	<u>1,372,621</u>
TOTAL ASSETS		
LIABILITIES		
Accounts payable	-	\$ <u>1,372,621</u>
NET POSITION		
Held in trust for benefits and other purposes	\$ <u>46,334,275</u>	

See accompanying notes to the basic financial statements.

**BRISTOL TOWNSHIP**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 1,764,421
Plan members	295,752
State	454,817
TOTAL CONTRIBUTIONS	<u>2,514,990</u>
Investment income	
Net decrease in fair value of investments	(769,037)
Dividends	1,220,875
Investment activity expense	(132,220)
INVESTMENT INCOME, net	<u>319,618</u>
TOTAL ADDITIONS	<u>2,834,608</u>
DEDUCTIONS	
Benefits paid	2,983,918
Administrative expenses	12,700
TOTAL DEDUCTIONS	<u>2,996,618</u>
CHANGE IN NET POSITION	(162,010)
NET POSITION AT BEGINNING OF YEAR	<u>46,496,285</u>
NET POSITION AT END OF YEAR	<u>\$ 46,334,275</u>

See accompanying notes to the basic financial statements.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

The Township of Bristol (the "Township") operates under the Home Rule Charter and Optional Plans Law as codified at Pa. C. S. Sub-Section 2901 et seq. The residents of Bristol Township have elected to be governed pursuant to the Optional Plan of Government designated as the Council-Manager plan. This plan was adopted January 2, 2012, and consists of seven council members and a township manager.

The Township provides the following services: general administrative services, tax collection, public improvements, public safety, water and sewer for certain areas of the Township, conservation and development, culture and recreation and maintenance and repairs of highways and streets programs. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

A summary of the Township's significant accounting policies follows.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary 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 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.

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.

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

Governmental Funds 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. This is a change in policy from prior years when the Township considered revenues to be available if they were collected within 90 days, with the exception of property taxes, which had to be received within 60 days of year-end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating grants, capital grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the Township receives cash.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental Funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.



**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Township reports the following major Governmental Funds:

- The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Reserve Fund* is used to account for capital expenditures of the Township.
- The *Refuse Fund* accounts for expenditures related to the collections and disposal of refuse.
- The *Debt Service Fund* accounts for expenditures related to the payment of long-term debt expenses.

The Township reports the following major Proprietary Fund:

- The *Sewer Fund* is used to account for the fiscal activities of the Sewage Treatment Plant and Collection System.

Additionally, the Township reports the following Fiduciary Fund Types:

- The *Pension Trust Fund* accounts for the revenues (i.e., member contributions, Township contributions and net investment income) and the expenses (i.e., contributions refunded, retirement allowances and death benefits paid) of the Police Pension Trust Fund.
- The *Agency Funds* consist of Escrow Funds maintained with the Township for construction projects and for tax funds collected and owed to the county.

The Township's Enterprise Funds are Proprietary Funds. In the fund financial statements, the Proprietary Funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the Proprietary Funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheet. The Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary Funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Amounts paid to acquire capital assets in the Proprietary Funds are capitalized as assets in the fund financial statements, rather than reported as an expenditure.

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include the Pension Trust Fund and Agency Funds. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Funds since capital maintenance is critical. The Pension Trust Fund 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 are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refund are recognized when due and payable in accordance with the terms of the plan. Agency Funds are custodial in nature and do not involve measurement of results of operations.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes.

**Assets, Liabilities and Net Position or Fund Balances**

***Cash and Cash Equivalents*** - For purposes of the accompanying statement of cash flows, the Township considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***Receivables and Payables***

**Interfund Receivables and Payables** - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All receivables are shown net of an allowance for doubtful accounts.

**Investments** - Investments for the Township are reported at fair value. Investments that do not have an established market value are reported at estimated values.

**Prepaid Assets** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements.

**Restricted Cash** - Restricted cash represents cash set aside for liquidation of specific obligations. At December 31, 2015, the General Fund restricted cash balance of \$128,051 represents funds to be escheated to the state. The Sewer Fund restricted cash balance of \$81,909 represents \$76,257 paid by property owners that are held in escrow accounts for the purpose of sewer hookup and unclaimed monies of \$5,652 to be remitted to the state in accordance with escheat law.

**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets** - Capital assets, which include property, plant and equipment, intangible easements and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Property, plant and equipment and infrastructure with initial, individual costs that equal or exceed \$6,000 and estimated useful lives of over one year are recorded as capital assets. The intangible easements have indefinite useful lives and are therefore not depreciated. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair 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 its useful life are not capitalized.

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

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following intended useful lives:

	<u>Years</u>
Buildings and improvements	5-40
Equipment	3-20
Infrastructure	40
Water lines	40
Sewer collection lines	10-60

**Allowance for Doubtful Accounts** - Accounts receivable and taxes receivable for the governmental activities have been reported net of an allowance for doubtful accounts of \$627,025 and \$61,084, respectively. Accounts receivable for business-type activities have been reported net of an allowance for doubtful accounts of \$1,745,431. The Sewer Fund evaluates the collectability of individual receivables and record an allowance for doubtful accounts. The Sewer Department's policy is to file a lien against the respective property for delinquent sewer customers; however, the Sewer Department is required to provide continuous services to these customers. The Sewer Department has also retained a debt collector to help with the more difficult non-paying customers.

**Compensated Absences** - Township policy permits employees to accumulate a limited amount of earned but unused sick time. These benefits are payable to employees upon separation of service. All leave pay is accrued when incurred in the government-wide financial statements and the Proprietary Funds statements. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Deferred Outflows/Inflows of Resources*** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the net difference between projected and actual earnings on pension plan investments. The deferred charge on refunding is reported in the government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualify for reporting in this category. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions and differences between expected and actual experience of the pension plan. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Long-Term Obligations*** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Unearned Revenue*** - Unearned revenues reported in government-wide financial statements will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in Governmental Funds financial statements represent revenues which are measureable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues. The Township deems revenues received within 60 days of year-end to be available.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position Flow Assumption** - Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Net Position/Fund Balances** - The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- **Net Investment in Capital Assets** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- **Restricted Net Position** - The category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This category represents net position of the Township not restricted for any project or other purpose.

The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

- **Nonspendable Fund Balance** - Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e., Township Council). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same level of action to remove or change the constraint. This formal action is a Council approved resolution.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

---

**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Assigned Fund Balance** - Amounts the Township intends to use for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the Township Manager pursuant to authorization established by Township Council.
- **Unassigned Fund Balance** - Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes. The Township has not established a formal policy for its use of unrestricted fund balance amounts. As such, the Township uses committed fund balances first, followed by assigned resources and then unassigned resources, as appropriate opportunities arise.

***Interfund Transactions*** - Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

***Accounting Estimates*** - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

**Budgets and Budgetary Accounting**

***Legal Requirements*** - Commonwealth of Pennsylvania statutes require that Township governments establish budgetary systems and adopt annual operating budgets. The Township's annual budget includes the General Fund, certain Special Revenue Funds and Debt Service Funds and is based on estimates of revenues and expenditures approved by the Township Council. The Township adopted the 2015 budget on the same basis of accounting as reported in the financial statements. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

***Township Budget Process***

1. The Township Manager prepares the proposed budget to Council no later than November 15 of the year before which the budget shall apply.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE A - NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. After the Township Manager's recommended budget message is given to Council and after the completion of changes directed by Council, if any, Council shall cause to be published in one or more newspapers of general circulation within the Township:
  - a. The proposed budgets or the times and places where copies of the proposed budgets shall be available for inspection.
  - b. Notice of a public meeting, with the date, time and place specified, at which said budgets will be considered by Council, which meeting shall constitute the first reading of the budgets and shall take place during the month of November prior to the fiscal year within which such budgets shall apply. At such public meeting, the public shall be afforded the opportunity to comment.
3. After the 20-day inspection period but prior to December 31, the Township Council adopts the final budget by enacting an appropriate resolution.

***Level of Control*** - The Township maintains budgetary control at the individual fund level.

***Lapsing of Appropriations*** - Unexpended appropriations lapse at year-end except for bonds, common notes and grant monies.

***Management Amendment Authority*** - During the course of the year, departmental needs may change, emergencies may occur, or additional revenue may arise. As a result, funds are transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and approved by Township Council.

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

**NOTE B - DEPOSIT AND INVESTMENT RISK**

Under Section 1705.1 of the Township Code of the Commonwealth of Pennsylvania, the Township is authorized to invest its funds in the following:

- United States Treasury bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania, which are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.
- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements which are fully collateralized by obligations of the United States of America.

For all deposits in the Township's primary depository above the insured maximum, assets are pledged as collateral under Subsection (c)(3), to be pooled in accordance with the Act of August 6, 1971 (P.L. 281, No. 72). This is evidenced by monthly reports on assets pledged by the depository.

The Township's pension policies pertaining to exposure of credit risk, custodial credit risk, concentration of credit risk, or interest rate risk for deposits and investments are administered by the Township's independent consulting and asset management firm and approved by Council.



**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

**Deposits**

The Township's deposits, including both restricted and unrestricted cash, excluding the Pension Trust Fund, at December 31, 2015, were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental Funds	\$ 29,725,428	\$ 30,139,610
Proprietary Funds	8,290,582	8,290,282
Agency Funds	<u>1,371,956</u>	<u>1,415,291</u>
	<u>\$ 39,387,966</u>	<u>\$ 39,845,183</u>

**Investments**

The Township's investments at December 31, 2015, were as follows:

***Pension Trust Fund***

	<u>Cost</u>	<u>Market Value</u>
Fixed income mutual funds	\$ 15,180,465	\$ 15,140,163
Equity mutual funds	25,268,291	29,179,939
Real estate	<u>1,533,345</u>	<u>1,336,260</u>
	<u>\$ 41,982,101</u>	<u>\$ 45,656,362</u>

As of December 31, 2015, the Township had the following debt investments and maturities in its Police Pension Plan Accounts.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Fixed income mutual funds	\$ <u>15,140,163</u>	\$ <u>1,378,036</u>	\$ <u>-</u>	\$ <u>13,762,127</u>

***Interest Rate Risk*** - The Township 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 for the Police Pension Plan.

***Credit Risk*** - At December 31, 2015, \$1,504,021 (9.9%), \$3,879,933 (25.7%) and \$9,756,209 (64.4%) of the Police Pension Plan fixed income mutual funds were rated AAA, A, and BBB, respectively, by Morningstar. The Police Pension Plan money market funds in the amount of \$634,165, recorded as cash and cash equivalents, were unrated. The Township does not have a formal policy that limits investments to ratings issued by nationally recognized statistical rating organizations for the Police Pension Plan.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

**Concentration of Credit Risk** - The Township does not have a formal policy that places a limit on the amount or percent that may be invested in any one issuer for the Police Pension Plan. At December 31, 2015, no investment of the Police Pension Plan represented 5% or more of total net position.

**Custodial Credit Risk** - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2015, \$39,595,183 of the Township's deposits was exposed to custodial credit risk, as they were collateralized with securities held by the pledging financial institution and uninsured. At December 31, 2015, \$1,336,620 of the Township Police Pension Plan investments were exposed to custodial credit risk. The Township does not have a formal policy related to custodial credit risk for the governmental activities or the Pension Trust Fund.

**NOTE C - REAL ESTATE TAXES**

Real estate taxes attach as an enforceable lien on property on May 1. Taxes are billed on March 1, payable under the following terms: 2% discount, March 1 based on the assessed value listed as of the prior December 31, for the real property located in the Township through April 30; face amount, May through June 30; and 10% penalty after June 30. The Township bills these taxes, which are collected by the Township Tax Office. Assessed values of real property are generally 12% of the market value as determined by the Bucks County Board of Assessment. Real estate taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2015 and expected to be collected within the first 60 days of 2016 are recognized as revenue in 2015. Net receivables estimated to be collectible subsequent to March 1, are reflected in deferred revenue. Prior years' levies are recorded using these same principles and remaining receivables are annually reevaluated as to collectibility.

The rate of real estate taxation in 2015 was 18.08 mills for general purposes, .9 mills for recreation purposes, 2 mills for fire purposes, 2.45 mills for debt purposes and .55 mills for rescue purposes on a total Township assessed valuation of \$416,679,820.

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015, was as follows:

**Governmental Activities**

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 1,580,081	\$ -	\$ -	\$ 1,580,081
Intangibles	431,125	-	-	431,125
Construction in progress	<u>4,538,365</u>	<u>4,014,656</u>	<u>(4,389,490)</u>	<u>4,163,531</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>6,549,571</u>	<u>4,014,656</u>	<u>(4,389,490)</u>	<u>6,174,737</u>
Capital assets being depreciated				
Buildings	3,881,639	-	(98,500)	3,783,139
Improvements	1,973,220	273,946	-	2,247,166
Equipment	6,873,137	766,376	(237,895)	7,401,618
Infrastructure	<u>63,229,464</u>	<u>9,253,830</u>	<u>-</u>	<u>72,483,294</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>75,957,460</u>	<u>10,294,152</u>	<u>(336,395)</u>	<u>85,915,217</u>
Accumulated depreciation				
Buildings	(3,189,301)	(93,978)	98,500	(3,184,779)
Improvements	(760,184)	(75,259)	-	(835,443)
Equipment	(4,486,722)	(580,521)	237,895	(4,829,348)
Infrastructure	<u>(40,751,357)</u>	<u>(1,285,448)</u>	<u>-</u>	<u>(42,036,805)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(49,187,564)</u>	<u>(2,035,206)</u>	<u>336,395</u>	<u>(50,886,375)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>26,769,896</u>	<u>8,258,946</u>	<u>-</u>	<u>35,028,842</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 33,319,467</u>	 <u>\$ 12,273,602</u>	 <u>\$ (4,389,490)</u>	 <u>\$ 41,203,579</u>

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE D - CAPITAL ASSETS (Continued)**

**Business-Type Activities**

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 140,000	\$ -	\$ -	\$ 140,000
Construction in progress	-	53,290	-	53,290
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>140,000</u>	<u>53,290</u>	<u>-</u>	<u>193,290</u>
Capital assets being depreciated				
Building	10,843,681	-	-	10,843,681
Tanks	1,964,174	-	-	1,964,174
Pump stations	3,581,599	170,379	-	3,751,978
Land improvements	10,570	-	-	10,570
Office equipment	101,439	-	-	101,439
Vehicles	338,380	-	-	338,380
Equipment	3,701,111	15,358	-	3,716,469
Collection system	5,542,763	85,690	-	5,628,453
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>26,083,717</u>	<u>271,427</u>	<u>-</u>	<u>26,355,144</u>
Accumulated depreciation				
Building	(1,348,660)	(238,868)	-	(1,587,528)
Tanks	(1,551,041)	(33,735)	-	(1,584,776)
Pump stations	(855,467)	(74,385)	-	(929,852)
Land improvements	(6,546)	(575)	-	(7,121)
Office equipment	(98,198)	(1,280)	-	(99,478)
Vehicles	(173,898)	(28,116)	-	(202,014)
Equipment	(3,421,808)	(51,124)	-	(3,472,932)
Collection system	(5,012,642)	(52,398)	-	(5,065,040)
TOTAL ACCUMULATED DEPRECIATION	<u>(12,468,260)</u>	<u>(480,481)</u>	<u>-</u>	<u>(12,948,741)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>13,615,457</u>	<u>(209,054)</u>	<u>-</u>	<u>13,406,403</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 13,755,457</u>	 <u>\$ (155,764)</u>	 <u>\$ -</u>	 <u>\$ 13,599,693</u>

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE D - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 208,611
Public safety	218,785
Public works	1,543,908
Culture and recreation	<u>63,902</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,035,206</u>
BUSINESS-TYPE ACTIVITIES	
Sewer Fund	<u>\$ 480,481</u>

**NOTE E - LONG-TERM DEBT**

Other liabilities are generally liquidated by the General Fund and the Debt Service Fund. A summary of changes in long-term debt obligations is as follows:

	<u>Beginning Balance</u>
GOVERNMENTAL ACTIVITIES	
Bonds payable, General Obligation Bonds	<u>\$ 32,127,513</u>
Other liabilities	
Compensated absences	3,078,655
Net pension liability	9,565,100
Capital leases	667,245
Bond premiums	22,055
Other postemployment benefits	<u>29,948,993</u>
TOTAL OTHER LIABILITIES	<u>43,282,048</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 75,409,561</u>
BUSINESS-TYPE ACTIVITIES	
Bonds payable, General Obligation Bonds	<u>\$ 1,826,487</u>
Other liabilities	
Notes payable	7,149,784
Bond premiums	8,067
Compensated absences	<u>11,937</u>
TOTAL OTHER LIABILITIES	<u>7,169,788</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 8,996,275</u>

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<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ <u>7,000,000</u>	\$ <u>(1,288,000)</u>	\$ <u>37,839,513</u>	\$ <u>1,821,661</u>
526,058	(534,276)	3,070,437	-
234,450	-	9,799,550	-
-	(162,407)	504,838	167,748
97,215	(4,848)	114,422	-
<u>5,524,598</u>	<u>(2,113,343)</u>	<u>33,360,248</u>	<u>-</u>
<u>6,382,321</u>	<u>(2,814,874)</u>	<u>46,849,495</u>	<u>167,748</u>
\$ <u><u>13,382,321</u></u>	\$ <u><u>(4,102,874)</u></u>	\$ <u><u>84,689,008</u></u>	\$ <u><u>1,989,409</u></u>
\$ <u>3,000,000</u>	\$ <u>-</u>	\$ <u>4,826,487</u>	\$ <u>67,339</u>
-	(376,805)	6,772,979	387,815
41,664	(2,017)	47,714	-
<u>3,009</u>	<u>(2,260)</u>	<u>12,686</u>	<u>-</u>
<u>44,673</u>	<u>(381,082)</u>	<u>6,833,379</u>	<u>387,815</u>
\$ <u><u>3,044,673</u></u>	\$ <u><u>(381,082)</u></u>	\$ <u><u>11,659,866</u></u>	\$ <u><u>455,154</u></u>

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE E - LONG-TERM DEBT (Continued)**

In June 2015, the Township issued General Obligation Bonds, Series of 2015, in the amount of \$10,000,000, for the purpose of continued road construction and the expansion of the Township's waste water treatment plant.

An analysis of debt service requirements to maturity on these governmental activities obligations follows (with the exception of compensated absences, estimated workers' compensation liability, liability for other postemployment benefits and capital leases):

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 1,821,661	\$ 1,238,676	\$ 3,060,337
2017	1,917,161	1,149,848	3,067,009
2018	1,957,661	1,104,749	3,062,410
2019	2,011,661	1,053,651	3,065,312
2020	2,061,661	1,004,030	3,065,691
2021 to 2025	10,496,805	4,116,817	14,613,622
2026 to 2030	8,368,737	2,567,105	10,935,842
2031 to 2035	5,369,125	1,329,083	6,698,208
2036 to 2040	<u>3,835,041</u>	<u>392,714</u>	<u>4,227,755</u>
	<u>\$ 37,839,513</u>	<u>\$ 13,956,673</u>	<u>\$ 51,796,186</u>

An analysis of debt service requirements to maturity on these business-type activities obligations follows (with the exception of compensated absences, estimated workers' compensation liability, liability for other postemployment benefits and capital leases):

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 455,154	\$ 276,975	\$ 732,129
2017	482,624	249,966	732,590
2018	472,854	286,653	759,507
2019	469,818	307,118	776,936
2020	482,571	295,545	778,116
2021 to 2025	2,596,678	1,291,902	3,888,580
2026 to 2030	3,084,158	934,773	4,018,931
2031 to 2035	2,030,650	513,566	2,544,216
2036 to 2040	<u>1,524,959</u>	<u>158,686</u>	<u>1,683,645</u>
	<u>\$ 11,599,466</u>	<u>\$ 4,315,184</u>	<u>\$ 15,914,650</u>

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE E - LONG-TERM DEBT (Continued)**

The following is a summary of general obligation debt outstanding:

Year	Amount of Original Issue	Purpose	Balance Outstanding December 31, 2015
2015	\$ 10,000,000	General Obligation Bonds, Series of 2015, interest semiannually through September 15, 2040, interest rates range from 0.62% to 4.0%, principal payments due annually through September 15, 2040, for the purpose of continued road construction and the expansion of the Township's waste water treatment plant	\$ 10,000,000
2014	\$ 3,000,000	General Obligation Note, Series A, with interest monthly through September 2029, interest rate at 2.651%, principal payments due annually beginning September 29, 2015 through September 29, 2029, for the purpose of road construction and resurfacing, stormwater drainage projects and improvements to the municipal building	2,834,000
2014	\$ 6,820,000	General Obligation Bonds, Series of 2014, interest semiannually through September 15, 2038, interest rates range from 0.6% to 4.0%, principal payments due annually through September 15, 2038, for the refunding of the General Obligation Bonds, Series of 2010, and for the funding of various capital projects	6,820,000
2014	\$ 13,685,000	General Obligation Bonds, Series of 2014A, interest semiannually through September 15, 2038, interest rates range from 0.649% to 4.329%, principal payments due annually through September 15, 2038, for the refunding of the General Obligation Bonds, Series of 2008 and 2010, and for the funding of various capital projects	13,230,000
2013	\$ 6,000,000	General Obligation Note, Series A, with interest monthly through April 2033, interest rate at 2.411%, principal payments due annually beginning April 25, 2014 through April 25, 2033, for the purpose of road construction and resurfacing, stormwater drainage projects and improvements to the municipal building	5,521,000
2013	\$ 80,000	General Obligation Note, Series B, with interest monthly through April 2033, interest rate at 2.411%, principal payments due annually beginning April 25, 2014 through April 25, 2020, for the purpose of purchasing an ambulance	58,000
2013	\$ 4,000,000	General Obligation Note, Series C, with interest monthly through April 2033, interest rate at 2.647%, principal payments due annually beginning October 25, 2014 through October 25, 2028, for the purpose of road construction and resurfacing and stormwater drainage projects	3,558,000
SUBTOTAL FORWARD			<u>\$ 42,021,000</u>



**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE E - LONG-TERM DEBT (Continued)**

Year	Amount of Original Issue	Purpose	Balance Outstanding December 31, 2015
		SUBTOTAL FORWARDED	\$ 42,021,000
2010	\$ 9,000,000	General Revenue Note, up to a maximum principal amount of \$9,000,000 with interest monthly through May 1, 2033, interest rates range from 1.274% to 2.547%, principal payments due monthly beginning June 1, 2013 through May 1, 2033, for the purpose of making improvements and repairs to the Sewer Plant Facility; funded through the Pennsylvania Infrastructure Investment Authority and draw n down as needed	6,772,979
2008	\$ 11,430,000	Federally taxable General Obligation Bonds, Series of 2008, interest semiannually through September 15, 2008, interest rates range from 4.85% to 7.15%, principal payments due annually through September 15, 2038, for the funding of the Township's unfunded actuarial accrued liability in its Uniformed Pension Plan	645,000
			<u>\$ 49,438,979</u>

**NOTE F - OBLIGATION UNDER CAPITAL LEASES**

Obligation under capital leases consists of the following leases payable:

- Street lights and monitoring equipment in the original amount of \$2,107,579 for the Public Works Department, bearing an interest rate of 3.23%, expiring in November 2018.

The assets acquired through capital leases are as follows:

Equipment \$ 2,107,879

Future minimum lease payments under the capital lease agreements together with the present value of the net minimum lease payments as of December 31, 2015, are as follows:

TOTAL MINIMUM LEASE PAYMENTS	\$ 529,748
Amount representing interest	<u>(24,910)</u>
TOTAL PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	504,838
Principal due within one year	<u>(167,748)</u>
 LONG-TERM CAPITAL LEASE PAYABLE	 <u>\$ 337,090</u>

**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE F - OBLIGATION UNDER CAPITAL LEASES (Continued)**

Future minimum capital lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2016	\$ 181,628
2017	181,628
2018	<u>166,492</u>
	<u>\$ 529,748</u>

**NOTE G - COMPENSATED ABSENCES**

Full-time employees earn vacation to be used by the end of the year or it is forfeited. Township police officers are entitled to accrue unlimited days of sick leave benefits and, at termination or retirement, are entitled to payment for all unused sick time in an amount equal to the existing hourly rate. In addition, the remaining Township employees accrue sick leave benefits and, at time of retirement or resignation, are paid for as determined in the employee's contractual agreement.

For employees of the Sewer Department, vacation time not taken at year-end accrues and must be taken within the next two weeks. If the employee terminates within the nine-month period, accrued vacation is due to the employee. Employees may accrue up to 150 days of sick leave and will be paid 50% of the accrued sick leave at the time of termination up to a maximum of \$5,000 if the employee has ten years of service and a maximum of \$7,500 if the employee has 20 years of service.

Applicable GASB pronouncements require accrual of sick pay that meets certain specific conditions. The Township has determined that such conditions apply to accumulated sick pay of Governmental Funds and Proprietary Funds. To the extent sick pay liabilities in Governmental Funds are to be liquidated with available resources, they are accounted for as fund liabilities in the fund financial statements; the remainder of the obligation is accounted for as a liability in the government-wide financial statements. Proprietary Funds account for the entire amount of these liabilities.

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE H - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b>GOVERNMENTAL FUNDS</b>		
General Fund	\$ 72,385	\$ -
Debt Service Fund	3,115	-
Other Governmental Funds	5,350	77,735
<b>PROPRIETARY FUNDS</b>		
Sewer Fund	<u>-</u>	<u>3,115</u>
	<u>\$ 80,850</u>	<u>\$ 80,850</u>

The General Fund has paid expenses on behalf of other funds; therefore, a corresponding interfund receivable and payable has been recorded.

**NOTE I - INTERFUND OPERATING TRANSFERS**

Interfund transfers are a result of the requirement for the General Fund to match a portion of the expenditures or expenses of other funds as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>GOVERNMENTAL FUNDS</b>		
General Fund	\$ 400,000	\$ 7,832,078
Capital Reserve Fund	2,688,160	-
Refuse Fund	-	300,000
Debt Service Fund	5,250,000	-
Other Governmental Funds	163,918	335,000
<b>PROPRIETARY FUND</b>		
Sewer Fund	<u>-</u>	<u>35,000</u>
	<u>\$ 8,502,078</u>	<u>\$ 8,502,078</u>

**NOTE J - INTERAUTHORITY TREATMENT SERVICE**

The Township has separate agreements with four other municipal authorities which provide for the treatment by these authorities of a portion of the wastewater collected by the Township. For the year ended December 31, 2015, the Township's expense for treatment services under these agreements was \$1,749,176.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE K - EMPLOYEES' RETIREMENT PLANS**

**Police Pension Trust Fund**

***Summary of Significant Accounting Policies***

**Method Used to Value Investments** - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Plan Description** - The Township maintains a single-employer defined benefit pension plan for all full-time police officers under the provisions of Ordinance 2005-02 adopted pursuant to Act 600. The plan is included in the financial statements of the Township as a Pension Trust Fund. The plan also issues a separate stand alone financial statement. The financial statements of the Pension Trust Fund are prepared on 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.

As of December 31, 2015, membership consisted of:

Active employees	59
Retirees and beneficiaries currently receiving benefits	72
Terminated employees entitled to benefits but not yet receiving them	3

All full-time police officers are required to participate in the plan. The plan provides for normal retirement at age 50 after 25 or more years of service or age 60 with 20 or more years of service. The amount of the pension benefit is 50% of the monthly average salary during the last 36 months of employment plus \$20 per month for every year's service in excess of 25 years up to a maximum additional benefit of \$100 per month. Benefits vest after 12 years of service. The plan provides survivor benefits of 50%. Benefits provided under Act 30 (officers killed in the line of duty) are paid by the Commonwealth. Disability is provided for service injuries at 75% of final pay without offset of workers' compensation. Cost-of-living adjustments shall be provided for all members retiring on or after January 1, 1991, based on the increase in the Consumer Price Index. The pension benefit shall not exceed 75% of salary for computing the pension benefit, and the total cost-of-living adjustment shall not exceed 30% of the original pension benefit.

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE K - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Funding Policy** - The Township's Police Pension Plan funding policy provides for periodic contributions at actuarially determined rates, expressed as a percentage of annual covered payroll, that are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contributions rates are determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The plan also uses a method defined by Act 205 to amortize the compounded liability over the defined period. As a condition of participation, employees are required to contribute a portion of their salary to the plan as stipulated through Pennsylvania Act 205. Plan members are required to contribute 5% of their annual covered salary. Interest is accumulated each year at a rate of 5%. The Township contribution to the plan is governed by Act 205, which monitors minimum actuarial funding for pension plans. Administration costs of the plan are financed through investment earnings.

**Investments**

The deposits and investments of the Plan are held separately from those of the Township and are under the control of the Plan's Board of Commissioners.

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The following was the Board's adopted asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	49.19%
International equity	18.77%
Private real estate	2.64%
Core fixed income	18.60%
Intermediate inv. grade corp.	3.57%
Bank loans	2.73%
High yield	2.84%
Cash	1.66%
	<u>100%</u>

**Concentrations**

As of December 31, 2015, no investment in any one organization represented five percent (5%) or more of the Plan's fiduciary net position.

**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE K - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Rate of Return**

For the year ended December 31, 2015, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 0.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Net Pension Liability of the Township***

The components of the net pension liability of the Township at December 31, 2015, were as follows:

Total pension liability	\$ 56,133,825
Plan fiduciary net position	<u>(46,334,275)</u>
<b>NET PENSION LIABILITY</b>	<b><u>\$ 9,799,550</u></b>
 Plan fiduciary net position as a percentage of the total pension liability	  <u>82.54%</u>

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.3%
Salary increases	6.0% annual increase
Investment rate of return	8.0%

Mortality rates were based on the Blue Collar RP-2000 Mortality Table.

Due to the size of the Plan, there have been no experience studies used to determine Plan assumptions.

**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE K - EMPLOYEES' RETIREMENT PLANS (Continued)**

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015 (see the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	6.50%
International equity	6.60%
Private real estate	6.00%
Core fixed income	3.10%
Intermediate inv. grade corp.	4.00%
Bank loans	2.90%
High yield	4.80%
Cash	0.80%

***Discount Rate***

The discount rate is based on the long-term expected rate of return on Plan investments expected to be used to finance the payments of benefits. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus Plan expenses, as well as amortization of the unfunded liability.

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE K - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Changes in the Net Pension Liability***

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
BALANCE AT DECEMBER 31, 2014	\$ 56,061,385	\$ 46,496,285	\$ 9,565,100
Service cost	746,492	-	746,492
Interest	4,268,577	-	4,268,577
Changes in benefit terms	-	-	-
Changes for experience	(674,370)	-	(674,370)
Changes of assumptions	(1,284,341)	-	(1,284,341)
Contributions			
Employer	-	1,764,421	(1,764,421)
State aid	-	454,817	(454,817)
Member	-	295,752	(295,752)
Net investment income	-	319,618	(319,618)
Benefit payments	(2,983,918)	(2,983,918)	-
Administrative expense	-	(12,700)	12,700
NET CHANGES	<u>72,440</u>	<u>(162,010)</u>	<u>234,450</u>
BALANCE AT DECEMBER 31, 2015	<u>\$ 56,133,825</u>	<u>\$ 46,334,275</u>	<u>\$ 9,799,550</u>

***Changes in Assumptions***

In the 2015 actuarial valuation, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the Township, calculated using the discount rate of 8.00%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
	<u>(7.00%)</u>	<u>Rate (8.00%)</u>	<u>(9.00%)</u>
Net pension (asset) liability	\$ 15,823,251	\$ 9,799,550	\$ 4,699,645



**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE K - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended December 31, 2015, the Township recognized pension expense of \$1,266,679. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 510,290
Changes in assumptions	-	971,849
Difference between projected and actual investment earnings	<u>2,669,148</u>	<u>-</u>
	<u>\$ 2,669,148</u>	<u>\$ 1,482,139</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 190,715
2017	190,715
2018	190,715
2019	614,864

**Nonuniform Employees**

The Township provides a defined contribution pension plan for eligible full-time nonuniformed employees of the Township. Members are permitted to contribute an amount up to 10% of their compensation to the plan. The Township contributes on behalf of each member who was a participant on the last day of the plan year an amount equal to 1% above the member's contribution up to a maximum of 5%. Township and employee contributions to the plan were \$91,005 and \$103,009, respectively, during the year ended December 31, 2015.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE L - DEFERRED COMPENSATION PLAN**

The Township has established and administers a deferred compensation program (the "Program") in accordance with Internal Revenue Code Section 401(k) available to all full-time Township employees. Contributions to the Program are made from employee payroll deductions based on an election by the participant. Assets of the Program amounting to \$7,508,320 are not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the Program trustees under various investment options. The choice of the investment option is made by the participants. The Township is not responsible for any investment loss incurred in the Program or for the failure of any investment to earn a specific or expected return.

**NOTE M - POST-EMPLOYMENT BENEFIT PLAN**

**Plan Description**

The Township administers a single-employer post-employment benefit plan that covers health insurance for eligible retirees. In addition, effective January 1, 1987, officers' spouses not covered by other health care benefits are covered 100% and minor children residing in the same house as the officer are covered 50% by the Township. The police benefits are governed by the Collective Bargaining Agreement (the "Agreement") between Bristol Township and the Bristol Township Police Benevolent Association. The Agreement provides the authority under which benefit provisions for the plan were established and may be amended. There is also one Municipal Building retiree who receives post-employment benefits under the benefit plan. The plan does not issue a publicly available financial report.

**Funding Policy**

The contribution requirements of the Township are established and may be amended by the establishment of a new Agreement between Bristol Township and the Bristol Township Police Benevolent Association. The plan does not require any contributions from plan members. The Township funds the plan on a pay-as-you-go basis. For 2015, the Township contributed \$2,113,343 to the plan for current premiums.

**Annual OPEB Cost and Net OPEB Obligation**

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially 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 normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**BRISTOL TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE M - POST-EMPLOYMENT BENEFIT PLAN (Continued)**

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 were as follows:

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 5,236,637	29.75%	\$ 26,418,215
2014	5,383,367	21.25%	29,948,993
2015	5,524,598	38.25%	33,360,248

The components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township's net OPEB obligation to the plan are as follows:

	<u>Governmental Activities</u>
Annual required contribution (ARC)	\$ 6,342,476
Estimated interest on net OPEB obligation	1,197,960
Estimated adjustment to ARC	(2,015,838)
ESTIMATED ANNUAL OPEB COSTS	<u>5,524,598</u>
Contributions made	(2,113,343)
ESTIMATED INCREASE IN NET OPEB OBLIGATION	<u>3,411,255</u>
Estimated net OPEB obligation at beginning of year	<u>29,948,993</u>
ESTIMATED NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 33,360,248</u>

**Funded Status and Funding Progress**

As of January 1, 2013, the most recent actuarial valuation date, the plan was not funded. As of January 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$75,284,033 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$72,284,033. The covered payroll (annual payroll of active employees covered by the plan) was \$6.1 million and the ratio of the UAAL to the covered payroll was 1228%.

**NOTE M - POST-EMPLOYMENT BENEFIT PLAN (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include 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 basic financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer 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 employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected short-term investment yield on the investments that are expected to be used to finance the payments of benefits, a salary increase of 6% per year, a health care cost trend rate of 10% through 2015, decreasing by 0.5% per year to an ultimate rate of 5%. The actuarial assumptions also include a vision cost trend rate of 3.5%, and a dental trend rate of 4%. The actuarial valuation assumes 100% participant election and 85% of retiring members' spouses will elect coverage under the plan. The UAAL is being amortized using the level dollar method over a period of 30 years on a closed basis.

**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE N - FUND BALANCES/NET POSITION CLASSIFICATIONS AND RESTRICTIONS**

**Governmental Funds**

The Governmental Funds financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective Governmental Funds can be spent. The classifications used in the Governmental Funds financial statements are as follows:

**General Fund**

Nonspendable

Amounts that are not spendable representing prepaid expenses not available in the next fiscal year \$ 63,282

Unassigned

Amounts available for any purpose 7,198,546

**Capital Reserve Fund**

Committed

Amounts committed for capital projects 2,993,558

Assigned

Amounts assigned for capital projects 3,891,360

**Refuse Fund**

Committed

Amounts committed for refuse collection 2,926,941

Assigned

Amounts assigned for refuse collection 571,112

**Debt Service Fund**

Committed

Amounts committed for debt service 8,917,481

**Other Governmental Funds**

Restricted

Restriction of funds for communications 47,343

Restriction of funds for law enforcement 56,542

Restriction of funds for road repairs 2,185,833

Restriction of funds for community development 31,395

Restriction of funds for public safety 3,953

Committed

Amounts committed for parks and recreation 594,018

Amounts committed for street light repairs 409,755

Amounts committed for public safety 20,757

Amounts committed for capital projects 44,287

Amounts committed for blighted properties 68,133

\$ 30,024,296

**BRISTOL TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

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**NOTE N - FUND BALANCES/NET POSITION CLASSIFICATIONS AND RESTRICTIONS**  
 (Continued)

**Proprietary Fund**

The restrictions of net position included in the Proprietary Fund is as follows:

***Sewer Fund***

Amounts invested in capital assets, net of related debt	\$ 4,958,996
Amounts available for any purpose	<u>5,287,425</u>
	<u>\$ 10,246,421</u>

**Fiduciary Funds**

The restrictions of net position included in the Fiduciary Funds are as follows:

***Pension Trust Fund***

Amounts restricted for payment of pension benefits	\$ <u>46,334,275</u>
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**NOTE O - RISK MANAGEMENT**

The Township maintains an insurance policy for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors and payroll costs for the year. The policy has an audit performed each year and the Township may be required to pay any additional premium as a result of the audit, or the Township may be entitled to a refund as a result of the audit. For the year ended December 31, 2015, the Township paid insurance premiums of \$517,491.

**NOTE P - LITIGATION**

In the normal course of business, there are various claims and suits pending against the Township and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the Township's financial position at December 31, 2015.

**BRISTOL TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**NOTE Q - PRIOR PERIOD ADJUSTMENT**

The Township implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, effective January 1, 2015.

The objective of GASB Statement No. 68 is to improve accounting and financial reporting be state and local governments for pension plans. GASB Statement No. 68 states that local governments have to record any unfunded liability of their pension plans.

For the government-wide governmental activities, the Township has treated the beginning of year net pension liability of \$9,565,100 as having been recognized in the period incurred. The Township has adjusted beginning net position for the governmental activities from \$9,758,376 to (\$9,556,597).

During 2015, the Township discovered a fixed asset in the proprietary fund had accumulated depreciation greater than its historical cost.

For the proprietary fund, the Township has treated this excess depreciation of \$68,019 as not having been incurred in prior periods. The Township has adjusted beginning net position for proprietary fund activities from \$10,805,654 to \$10,873,673.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**BRISTOL TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 7,491,000	\$ 7,491,000	\$ 7,468,260	\$ (22,740)
Transfer	600,000	600,000	1,067,054	467,054
Earned income	6,000,000	6,000,000	6,642,310	642,310
Other	1,495,000	1,495,000	1,712,159	217,159
Fees and fines	233,000	233,000	202,650	(30,350)
Licenses and permits	2,504,700	2,504,700	2,939,021	434,321
Intergovernmental	895,100	895,100	794,498	(100,602)
Charges for services	557,000	557,000	530,981	(26,019)
Investment income and rent	10,000	10,000	13,182	3,182
Miscellaneous	140,400	140,400	176,278	35,878
<b>TOTAL REVENUES</b>	<u>19,926,200</u>	<u>19,926,200</u>	<u>21,546,393</u>	<u>1,620,193</u>
<b>EXPENDITURES</b>				
Current				
General government	3,163,030	3,163,030	2,488,499	674,531
Public safety	14,414,900	14,414,900	14,087,631	327,269
Public works	1,652,520	1,652,520	1,518,816	133,704
Debt service				
Principal	190,000	190,000	190,000	-
Interest and other charges	80,820	80,820	80,820	-
<b>TOTAL EXPENDITURES</b>	<u>19,501,270</u>	<u>19,501,270</u>	<u>18,365,766</u>	<u>1,135,504</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>424,930</u>	<u>424,930</u>	<u>3,180,627</u>	<u>2,755,697</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,400,000	7,400,000	400,000	(7,000,000)
Transfers out	(7,824,930)	(7,824,930)	(7,832,078)	(7,148)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>(424,930)</u>	<u>(424,930)</u>	<u>(7,432,078)</u>	<u>(7,007,148)</u>
NET CHANGE IN FUND BALANCE	-	-	(4,251,451)	(4,251,451)
FUND BALANCE AT BEGINNING OF YEAR	<u>11,513,279</u>	<u>11,513,279</u>	<u>11,513,279</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 11,513,279</u>	<u>\$ 11,513,279</u>	<u>\$ 7,261,828</u>	<u>\$ (4,251,451)</u>

**BRISTOL TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**REFUSE FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 5,016,500	\$ 5,016,500	\$ 5,217,804	\$ 201,304
Intergovernmental	140,585	140,585	83,602	(56,983)
Charges for services	500	500	5,920	5,420
Investment income and rent	2,745	2,745	4,136	1,391
<b>TOTAL REVENUES</b>	<b>5,160,330</b>	<b>5,160,330</b>	<b>5,311,462</b>	<b>151,132</b>
<b>EXPENDITURES</b>				
Current, sanitation	4,860,330	4,860,330	4,220,637	639,693
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>300,000</b>	<b>300,000</b>	<b>1,090,825</b>	<b>790,825</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(300,000)	(300,000)	(300,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>790,825</b>	<b>790,825</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>2,707,228</b>	<b>2,707,228</b>	<b>2,707,228</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 2,707,228</b>	<b>\$ 2,707,228</b>	<b>\$ 3,498,053</b>	<b>\$ 790,825</b>

**BRISTOL TOWNSHIP****SCHEDULE OF CHANGES IN THE NET POLICE PENSION  
PLAN LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 746,492	\$ 1,075,572
Interest	4,268,577	4,262,456
Changes for experience	(674,370)	-
Changes of assumptions	(1,284,341)	-
Benefit payments	<u>(2,983,918)</u>	<u>(2,963,530)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	72,440	2,374,498
 TOTAL PENSION LIABILITY, BEGINNING	<u>56,061,385</u>	<u>53,686,887</u>
 TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 56,133,825</u>	<u>\$ 56,061,385</u>
 PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 1,764,421	\$ 1,112,391
State aid	454,817	627,271
Member	295,752	297,595
Net investment income	319,618	2,677,685
Benefit payments, including refunds of member contributions	(2,983,918)	(2,963,530)
Administrative expense	<u>(12,700)</u>	<u>(5,000)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(162,010)	1,746,412
 PLAN FIDUCIARY NET POSITION, BEGINNING	<u>46,496,285</u>	<u>44,749,873</u>
 PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 46,334,275</u>	<u>\$ 46,496,285</u>
 TOWNSHIP'S NET PENSION LIABILITY ENDING (a)-(b)	<u>\$ 9,799,550</u>	<u>\$ 9,565,100</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>82.54%</u>	<u>82.94%</u>
 COVERED-EMPLOYEE PAYROLL	<u>\$ 6,128,720</u>	<u>\$ 6,124,324</u>
 TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>159.90%</u>	<u>156.18%</u>

**NOTES TO SCHEDULE**

Changes of assumptions. In the 2015 actuarial valuation, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA.

**BRISTOL TOWNSHIP**  
**SCHEDULE OF POLICE PENSION PLAN**  
**CONTRIBUTIONS**  
**LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 2,219,238	\$ 1,739,662
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>2,219,238</u>	<u>1,739,662</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 6,128,720</u>	<u>\$ 6,124,324</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>36.21%</u>	<u>28.41%</u>

**NOTES TO SCHEDULE**

Valuation date: January 1, 2015

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Section 210(a) of Act 44
Inflation	2.25%
Salary increases	6.0% annual increase
Investment rate of return	8.0%
Retirement age	Normal retirement age
Mortality	Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2015 using Scale AA

**BRISTOL TOWNSHIP**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2015**

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Actuarial Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) - Entry Age	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2010	\$ -	\$ 66,917,267	\$ 66,917,267	0%	\$ 4,838,138	1383.1%
2011	-	77,074,400	77,074,400	0%	6,396,587	1204.9%
2013	-	70,420,090	70,420,090	0%	5,790,004	1216.2%