

**TOWNSHIP OF BRISTOL  
BUCKS COUNTY, PENNSYLVANIA**

**SINGLE AUDIT REPORT**

**YEAR ENDED DECEMBER 31, 2007**

TOWNSHIP OF BRISTOL  
SINGLE AUDIT REPORT  
YEAR ENDED DECEMBER 31, 2007

CONTENTS

	<u>Page</u>
Independent Auditors' Report on the Supplementary Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of Federal Awards	2
Notes to Schedule of Expenditures of Federal Awards	3
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	4 – 5
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	6 – 7
Schedule of Findings and Questioned Costs	8 - 10
Summary Schedule of Prior Audit Findings	11

# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Township Council  
Township of Bristol  
Bristol, Pennsylvania

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of TOWNSHIP OF BRISTOL as of and for the year ended December 31, 2007, which collectively comprise the TOWNSHIP OF BRISTOL's basic financial statements and have issued our report thereon dated January 22, 2009. These financial statements are the responsibility of TOWNSHIP OF BRISTOL's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Bristol Township Sewer Department and the Bristol Township Sewer Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWNSHIP OF BRISTOL's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
January 22, 2009

<u>Harrisburg</u>	<u>Lehigh Valley</u>	<u>Philadelphia</u>
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302

TOWNSHIP OF BRISTOL  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2007

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CFDA Number</u>	<u>Program Name</u>	<u>Township Fund</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>	14.218	Community Development Block Grant (B06MC420004)	Community Development	\$ 600,080
U.S. Department of Housing and Urban Development				<u>600,080</u>
Total CFDA 14.218				*
<u>Pennsylvania Department of Community and Economic Development</u>	14.239	H.O.M.E.	DCA HOME Fund	343,478
Total CFDA 14.239				<u>343,478</u>
Total U.S. Department of Housing and Urban Development				<u>943,558</u>
<u>U.S. Department of Justice</u>	16.738	JAG Grant	Law Enforcement Fund	60,902
U.S. Department of Justice	16.595	Community Capacity Development Office Program	Weed & Seed Fund	176,542
U.S. Department of Justice	16.710	Law Enforcement Technology Grant	DCED Fund	154,332
Total U.S. Department of Justice				<u>391,776</u>
<u>U.S. Department of Health and Human Services</u>	93.558	Temporary Assistance for Needy Families	TANF Fund	47,948
Pennsylvania Department of Community and Economic Development				<u>47,948</u>
Total U.S. Department of Health and Human Services				140,286
<u>U.S. Department of Homeland Security</u>	97.083	Staffing for Adequate Fire and Emergency Response (SAFER) Grant	General Fund	140,286
U.S. Department of Homeland Security				<u>140,286</u>
Total U.S. Department of Homeland Security				<u>\$ 1,523,568</u>

TOTAL EXPENDITURES OF FEDERAL AWARDS

\* Denotes Program Tested as a Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards.

TOWNSHIP OF BRISTOL  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2007

NOTE 1: REPORTING ENTITY

The Township of Bristol is the reporting entity for financial reporting purposes as defined in Note 1A to the Township of Bristol's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The expenditures in the accompanying schedule of expenditures of federal awards are presented on the modified accrual basis of accounting as described in Note 1 to the Township of Bristol's financial statements.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2007 threshold for determining Type A and Type B Programs is \$300,000. The following high risk Type A programs were audited as major.

<u>CFDA #</u>	<u>Program</u>
14.218	Community Development Block Grant
14.239	H.O.M.E.

The amount expended under programs treated as major federal programs for the year ended December 31, 2007 totaled \$943,558 or 62% of total federal awards.

NOTE 4: PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FEDERAL FUNDS RECEIVED

The following is a list of federal funds received by the Township for the year ended December 31, 2007.

<u>Grant</u>	<u>State Contract Number</u>	<u>Amount</u>
H.O.M.E.	C000022595	\$248,100
TANF	C000002698	\$43,945

# Zelenkofske Axelrod LLC

Page 4

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

Township Council  
Township of Bristol  
Bristol, Pennsylvania

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of TOWNSHIP OF BRISTOL, as of and for the year ended December 31, 2007, which collectively comprise TOWNSHIP OF BRISTOL's basic financial statements and have issued our report thereon dated January 22, 2009. The financial statements of the Bristol Township Sewer Department and the Bristol Township Sewer Authority were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered TOWNSHIP OF BRISTOL'S internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for purpose of expressing an opinion on the effectiveness of TOWNSHIP OF BRISTOL's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TOWNSHIP OF BRISTOL'S internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the TOWNSHIP OF BRISTOL'S ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the TOWNSHIP OF BRISTOL'S financial statements that is more than inconsequential will not be prevented or detected by the TOWNSHIP OF BRISTOL'S internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 07-01 and 07-02 to be significant deficiencies in internal control over financial reporting.

<u>Harrisburg</u>	<u>Lehigh Valley</u>	<u>Philadelphia</u>
830 Sir Thomas Court, Suite 100	1101 West Hamilton Street	2370 York Road, Suite A-5
Harrisburg, PA 17109	Allentown, PA 18101-1043	Jamison, PA 18929
717.561.9200 Fax 717.561.9202	610.871.5077 Fax 717.561.9202	215.918.2277 Fax 215.918.2302

# Zelenkofske Axelrod LLC

Page 5

Township Council  
Township of Bristol  
Bristol, Pennsylvania

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the TOWNSHIP OF BRISTOL'S internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 07-2 to be a material weakness.

## Compliance and Other Matters

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

The TOWNSHIP OF BRISTOL's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the TOWNSHIP OF BRISTOL's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
January 22, 2009

# Zelenkofske Axelrod LLC

Page 6

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Township Council  
Bristol, Pennsylvania

### Compliance

We have audited the compliance of TOWNSHIP OF BRISTOL with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended December 31, 2007. TOWNSHIP OF BRISTOL's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of TOWNSHIP OF BRISTOL's management. Our responsibility is to express an opinion on TOWNSHIP OF BRISTOL's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TOWNSHIP OF BRISTOL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of TOWNSHIP OF BRISTOL's compliance with those requirements.

In our opinion, TOWNSHIP OF BRISTOL complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.



# Zelenkofske Axelrod LLC

Page 7

Township Council  
Bristol, Pennsylvania

## Internal Control Over Compliance

The management of TOWNSHIP OF BRISTOL is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs. In planning and performing our audit, we considered the TOWNSHIP OF BRISTOL's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TOWNSHIP OF BRISTOL's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by TOWNSHIP OF BRISTOL's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies TOWNSHIP OF BRISTOL's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
January 22, 2009

TOWNSHIP OF BRISTOL, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiency identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency identified not considered to be material weaknesses	<u>No</u>
Type of auditors’ report issued on compliance for Major Programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u>No</u>

Identification of Major Programs

<u>Federal Program or Cluster</u>	<u>CFDA #</u>
Federal:	
Community Development Block Grant	14.218
H.O.M.E.	14.239
Dollar threshold used to distinguish between Type A and Type B Program	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

TOWNSHIP OF BRISTOL, PENNSYLVANIA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

Section II – Financial Statement Findings

Finding 07-01

Segregation of Duties

Criteria: Proper internal control dictates the duties should be segregated to serve as a check and balance on the employees' integrity and to maintain the best control system as possible.

Condition: During the audit, we noted certain incompatible duties are performed by the same person related to receivables/revenue and accounts payable/expenditures.

Cause: The Township has a limited number of people working in the office which makes it difficult to completely segregate all duties.

Effect: The duties that are not segregated to the best extent possible may result in a material misstatement of the financial statements.

Questioned Costs: None.

Recommendation: The Township should ensure that duties are segregated to the best extent possible.

Management's Response: The Township has a new manager and new finance officer who will review the segregation of duties and make corrections necessary for better internal controls.

Finding 07-02

Payroll Records

Criteria: Payroll timesheets should be approved by the department supervisors.

Condition: During our audit of the payroll records, we noted that for 2 out of the 40 items selected for testing that the timesheets were not approved by the department supervisor.

Cause: Oversight on the part of the department supervisor.

Effect: Employees could be paid for time not actually worked.

Questioned Costs: None.

Recommendation: The Township should ensure that all payroll timesheets are approved by the township department supervisors.

Management's Response: Management will ensure that payroll timesheets are approved by department supervisors.

TOWNSHIP OF BRISTOL, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2007

Section III – Federal Award Findings and Questioned Costs

None.

TOWNSHIP OF BRISTOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007

<u>Finding</u>	<u>Description</u>	<u>Status</u>
06-1	Segregation of Duties	See Current Finding 07-1
06-2	Accounting Records	Resolved