

TOWNSHIP OF BRISTOL
BUCKS COUNTY, PENNSYLVANIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

TOWNSHIP OF BRISTOL
YEAR ENDED DECEMBER 31, 2010

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

Township Council
Bristol Township
Bristol, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bristol as of and for the year ended December 31, 2010, which collectively comprise the Township of Bristol's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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. 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.

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 the Township of Bristol as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Township of Bristol adopted the provisions of Governmental Accounting Standards Board's Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2011, on our consideration of the Township of Bristol's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Harrisburg	Lehigh Valley	Philadelphia	Pittsburgh
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	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103

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Township Council
Bristol Township
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bristol Township's basic financial statements as a whole. The management's discussion and analysis on pages 3 through 14, budgetary comparison information on pages 53 through 55, and the schedule of funding progress for postemployment benefits other than pensions on page 56 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The management's discussion and analysis, budgetary comparison and schedule of funding progress for postemployment benefits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The management's discussion and analysis, budgetary comparison and schedule of funding progress for postemployment benefits have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
May 5, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

This section of the financial statements for Township of Bristol ("Township") presents a narrative overview and narrative of the Township's financial performance for the fiscal year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- The Township total net assets decreased by \$3,563,275 in 2010.
- The General Fund Unreserved Fund Balance at the end of 2010 was \$3,767,740.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following three parts:

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

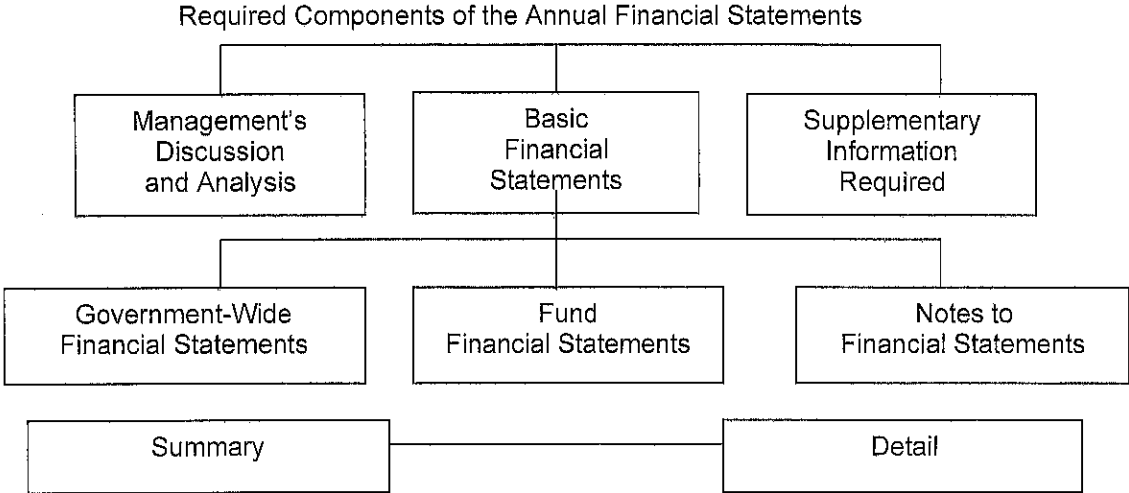
The basic financial statements present two different views of the TOWNSHIP.

- *Government-wide financial statements*, the first two statements, provide information about the TOWNSHIP's overall financial status as well as the financial status of the TOWNSHIP's component units.
- *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.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the TOWNSHIP operates like a business, such as the water fund.
 - *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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

Table A-1: Organization of the Township's Annual Financial Report



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

Table A-2: Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (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 Fund	Instances in which the Township administers resources on behalf of others, such as the Police Pension Fund
Required Financial Statements	-Statement of net assets -Statement of activities	-Balance Sheet -Statement of revenues, expenditures and changes in fund balance	-Statement of net assets -Statement of revenues, expenses and changes in net assets -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
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 and 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, 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 and outflow information	All revenues and expenses during 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 and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 assets includes all the TOWNSHIP's assets and liabilities, except fiduciary funds, with the difference between the two reported as net assets. 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 assets 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 assets 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 assets are one way to measure the TOWNSHIP's financial position. Over time, increases or decreases in the TOWNSHIP's net assets are one indicator of whether the TOWNSHIP's financial position is improving or deteriorating. However, other non-financial 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.

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the TOWNSHIP can exercise influence and/or be obligated to provide financial support. The TOWNSHIP has two discretely presented component units: Bristol Township Authority; and the Bristol Township Sewer Department. Complete and detailed financial statements for the individual component units can be obtained from their administrative offices (See Note 1, Notes to the Financial Statements for addresses).

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 assets of the governmental activities differ from the governmental fund 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 assets:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- 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 asset balances as follows:
 - Net assets invested in capital assets, net of related debt
 - Restricted net assets are those with constraints placed on the 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 assets are net assets that do 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 Government 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 assets and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund 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.
- *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 assets and a statement of changes in fiduciary net assets. These funds are excluded from the TOWNSHIP's government-wide financial statements because the TOWNSHIP cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS**Net Assets**

The TOWNSHIP's total assets were \$57,641,157 at December 31, 2010. Of this amount, \$28,717,166 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: Township of Bristol
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2010	2009	2010	2009	2010	2009	
Capital Assets	\$ 24,498,853	\$ 24,000,040	\$ 4,218,313	\$ 3,836,787	\$ 28,717,166	\$ 27,836,827	3%
Other Assets	24,417,158	24,717,639	4,506,833	2,454,893	28,923,991	27,172,532	6%
Total Assets	48,916,011	48,717,679	8,725,146	6,291,680	57,641,157	55,009,359	5%
Other Liabilities	3,065,976	2,719,047	1,261,630	1,309,655	4,327,606	4,028,702	7%
Long-Term Liabilities	33,825,984	29,768,014	1,995,267	157,068	35,821,251	29,925,082	20%
Total Liabilities	36,891,960	32,487,061	3,256,897	1,466,723	40,148,857	33,953,784	18%
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt	24,054,302	16,299,389	4,218,313	3,689,787	28,272,615	19,989,176	41%
Restricted Net Assets	13,573,257	6,157,500	2,055,477	-	15,628,734	6,157,500	154%
Unrestricted Net Assets (Deficit)	(25,603,508)	(6,226,271)	(805,541)	1,135,170	(26,409,049)	(5,091,101)	419%
Total Net Assets	\$ 12,024,051	\$ 16,230,618	\$ 5,468,249	\$ 4,824,957	\$ 17,492,300	\$ 21,055,575	-17%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following statement of activities represents changes in net assets for the year ended December 31, 2010. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

**Table A-4: Township of Bristol
Condensed Statement of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change
	2010	2009	2010	2009	2010	2009	
Program Revenues:							
Charges for Services	\$ 3,964,526	\$ 3,972,797	\$ 5,217,442	\$ 4,930,285	\$ 9,181,968	\$ 8,903,082	3%
Operating Grants and Contributions	5,224,834	4,054,029	-	-	5,224,834	4,054,029	29%
Capital Grants and Contributions	775,287	196,908	-	-	775,287	196,908	294%
General Revenues:							
Real Estate Taxes	16,498,882	15,450,420	-	-	16,498,882	15,450,420	7%
Earned Income Taxes	5,205,907	5,286,331	-	-	5,205,907	5,286,331	-2%
Per Capita Taxes	123,097	139,781	-	-	123,097	139,781	-12%
Mercantile Taxes	454,374	616,930	-	-	454,374	616,930	-26%
Mechanical Devices Taxes	70,327	117,932	-	-	70,327	117,932	-40%
Occupational/EMS Taxes	745,454	846,936	-	-	745,454	846,936	-12%
Amusement Taxes	4,050	5,229	-	-	4,050	5,229	-23%
In Lieu of Taxes	43,403	43,222	-	-	43,403	43,222	0%
Unrestricted							
Investment Earnings	30,052	44,394	(59,828)	8,247	(29,776)	52,641	-157%
Transfers	70,000	35,000	(70,000)	(35,000)	-	-	100%
Loss on Disposal of Fixed Asset	-	-	-	-	-	-	100%
Miscellaneous	306,042	511,345	52,035	72,251	358,077	583,596	-39%
Total Revenues	33,516,235	31,321,254	5,139,649	4,975,783	38,655,884	36,297,037	6%
Expenses:							
General Government	2,596,606	3,137,900	-	-	2,596,606	3,137,900	-17%
Public Safety	20,420,188	18,692,323	-	-	20,420,188	18,692,323	9%
Public Works Highways and Streets	5,862,533	5,305,943	-	-	5,862,533	5,305,943	10%
Community Development	2,129,134	1,058,170	-	-	2,129,134	1,058,170	101%
Culture and Recreation	637,467	666,598	-	-	637,467	666,598	-4%
Health and Welfare	5,237,904	5,611,673	-	-	5,237,904	5,611,673	-7%
Interest on Long Term Debt	892,860	1,265,270	-	-	892,860	1,265,270	-29%
Sewer Fund	-	-	3,850,721	4,594,718	3,850,721	4,594,718	-16%
Water Fund	-	-	645,636	528,617	645,636	528,617	22%
Total Expenses	37,776,692	35,737,877	4,496,357	5,123,335	42,273,049	40,861,212	3%
Change in Net Assets	(4,260,457)	(4,416,623)	643,292	(147,552)	(3,617,165)	(4,564,175)	-21%
Net Assets - January 1	16,230,618	20,529,600	4,824,957	1,844,900	21,055,575	22,374,500	-6%
Equity Transfer	-	117,641	-	3,127,609	-	3,245,250	-100%
Net Assets - December 31	\$ 11,970,161	\$ 16,230,618	\$ 5,468,249	\$ 4,824,957	\$ 17,438,410	\$ 21,055,575	-17%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2010, real estate taxes brought in \$16,498,882 and earned income taxes brought in \$5,205,907.

**Table A-5: Township of Bristol
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	\$ 2,596,606	\$ (436,874)
Public Safety	20,420,188	(17,988,540)
Public Works Highways and Streets	5,862,533	(4,140,437)
Community Development	2,129,134	1,304,512
Culture and Recreation	637,467	(502,751)
Health and Welfare	5,237,904	(5,155,095)
Interest on Long Term Debt	892,860	(892,860)
Sewer Fund	809,262	809,262
Water Fund	<u>(88,177)</u>	<u>(88,177)</u>
Total	<u>\$ 38,497,777</u>	<u>\$ (27,090,960)</u>

The TOWNSHIP relied on real estate taxes, earned income taxes and other general revenues to fund 66% of its governmental and business-type activities in 2010.

Capital Assets

The TOWNSHIP's investment in capital assets at December 31, 2010, net of accumulated depreciation, was \$20,939,071. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2010:

**Table A-6: Township of Bristol
Capital Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Percentage Change</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Land	\$ 1,580,081	\$ 1,508,980	\$ 140,000	\$ 140,000	\$ 1,720,081	\$ 1,648,980	4%
Construction in Progress	323,316	119,197	1,195,897	546,568	1,519,213	665,765	128%
Agricultural Easements/Intangibles	431,125	431,125	-	-	431,125	431,125	0%
Buildings	3,881,639	3,881,639	1,288,943	1,288,943	5,170,582	5,170,582	0%
Improvements	1,174,958	791,060	5,970	5,970	1,180,928	797,030	48%
Equipment	4,833,671	3,972,901	3,753,223	3,734,228	8,586,894	7,707,129	11%
Infrastructure	54,420,667	53,757,368	-	-	54,420,667	53,757,368	1%
Water Lines	-	-	2,601,519	2,601,519	2,601,519	2,601,519	0%
Tanks	-	-	1,964,174	1,964,174	1,964,174	1,964,174	0%
Pump Stations	-	-	1,056,207	1,056,207	1,056,207	1,056,207	0%
Collection System	-	-	5,369,211	5,362,716	5,369,211	5,362,716	0%
Accumulated Depreciation	<u>(42,146,604)</u>	<u>(40,408,340)</u>	<u>(13,156,831)</u>	<u>(12,863,538)</u>	<u>(55,303,435)</u>	<u>(53,271,878)</u>	<u>4%</u>
Total Net Capital Assets	<u>\$ 24,498,853</u>	<u>\$ 24,053,930</u>	<u>\$ 4,218,313</u>	<u>\$ 3,836,787</u>	<u>\$ 28,717,166</u>	<u>\$ 27,890,717</u>	<u>197%</u>

Detailed information about the TOWNSHIP's capital assets can be found in Note 4, Notes to the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Debt Administration

At December 31, 2010, the TOWNSHIP had \$36,568,994 of debt outstanding, including general obligation bonds, compensated absences, capital leases, a liability for other postemployment benefits and estimated workers compensation claims. Debt and other liabilities increased due mostly to the increase in the Townships liability for postemployment benefits required by GASB 45. Detailed information about the Township's debt can be found in Note 9, Notes to the Financial Statements. The following is a summary of changes in long-term debt at December 31, 2010.

**Table A-7: Township of Bristol
Statement of Long Term Debt**

<u>Type</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bonds	\$ 18,980,000	\$ 9,920,000	\$ (8,382,000)	\$ 20,518,000
Compensated Absences	2,205,570	860,986	-	3,066,556
Capital Leases	271,849	579,592	(406,889)	444,552
Liability for Other Postemployment Benefits	<u>8,310,595</u>	<u>4,229,291</u>	<u>-</u>	<u>12,539,886</u>
Total Long-Term Debt	<u>\$ 29,768,014</u>	<u>\$ 15,589,869</u>	<u>\$ (8,788,889)</u>	<u>\$ 36,568,994</u>

The Township's long-term debt level is low. In 2010 the 2004 Bond was refinanced resulting in a savings of approximately \$40,000 per year due to reduced interest rates.

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 statement of revenues, expenditures and changes in fund balances in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2010, and December 31, 2009, were as follows.

**Table A-8: Township of Bristol
Revenues by Source, Governmental Funds**

	<u>2010</u>	<u>2009</u>	<u>Changes</u>
Revenues:			
Taxes	\$ 23,002,430	\$ 22,458,137	\$ 544,293
Licenses, fee and permits	2,518,137	2,415,301	102,836
Charges for services	1,193,887	1,250,577	(56,690)
Court costs, fines and forfeits	301,223	286,656	14,567
Intergovernmental	5,983,899	4,258,428	1,725,471
Interest	30,052	44,394	(14,342)
Other and reimbursed expenditures	316,946	386,464	(69,518)
Other Financing Sources			
Issuance of debt	7,868,544	-	7,868,544
Operating transfers in	<u>290,512</u>	<u>270,076</u>	<u>20,436</u>
Total	<u>\$ 41,505,630</u>	<u>\$ 31,370,033</u>	<u>\$ 10,135,597</u>

Tax revenues increased in 2010 due to a 3 mil increase in tax rates. Revenue from licenses, fees and permits increased due to a slight increase in building permits. Charges for services experienced a decrease due to a decrease in Tax certification fees reflected by the decline of the housing industry. Intergovernmental Revenue increased due to additional Grant revenues. Interest income decreased due to a drastic decrease in bank interest rates. Other revenue decreased due to a decrease in General Recoveries.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2010 and December 31, 2009, were as follows:

**Table A-9: Township of Bristol
Expenditures by Function, Governmental Funds**

	<u>2010</u>	<u>2009</u>	<u>Changes</u>
Expenditures:			
General government	\$ 3,456,695	\$ 3,090,735	\$ 365,960
Public safety	15,158,257	14,395,769	762,488
Public works highways and safety	4,572,361	3,986,704	585,657
Community development	2,129,134	1,058,170	1,070,964
Health and welfare	5,237,904	5,611,673	(373,769)
Culture and recreation	582,859	605,628	(22,769)
Debt service			
Principal	1,091,889	777,840	314,049
Interest	1,077,750	1,133,390	(55,640)
Capital Outlay	859,711	373,603	486,108
Other Financing Uses			-
Operating transfers out	220,512	235,076	(14,564)
Payment to redeem bonds	<u>7,550,000</u>	<u>-</u>	<u>7,550,000</u>
 Total	 <u>\$ 41,937,072</u>	 <u>\$ 31,268,588</u>	 <u>\$10,668,484</u>

Increases in total expenditures in 2010 were mostly associated with contractual increases related to employee costs. Health and Welfare decreased due to Sewer Funds financial statements no longer being separated. Community development expenses increased due to additional grant funding. The decrease in capital outlay is a result of the completion of the road reconstruction projects.

GOVERNMENTAL FUND BALANCES

Ending Fund Balances for Governmental Fund and Net Assets for Proprietary Funds at December 31, 2010:

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

<u>Fund</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
General Fund	\$ 3,767,740	\$ -
Refuse Fund	793,445	-
Street Lights Funds	1,129,946	-
Capital Reserve	1,732,719	-
Other Governmental Funds	2,583,603	-
Sewer Fund	-	3,788,279
Water Fund	<u>-</u>	<u>1,679,970</u>
 Total	 <u>\$ 10,007,453</u>	 <u>\$ 5,468,249</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**Budgetary Highlights**

Total general fund revenues came in \$9,030 over projections. General fund expenditures came in \$72,551 under budget due to a concentrated effort to cut costs wherever possible.

Economic Conditions

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

The Township has undertaken economic development activities through its Department of Community Development and its Economic Development Advisory Board. This impact will be realized gradually and over time.

Next Year's Budget

Due to the current state of the economy, council did not increase taxes in 2010, they chose to meet the increases in current operating expenses with use of the townships reserves. Operating expenses are expected to continue to increase impacting next year's budget.

Township employees are represented by three labor unions and a total of six collective bargaining agreements that establish labor costs for all but 9 full-time employees. In particular, post retirement healthcare and pension costs have become burdensome to maintain. The Township is currently negotiating with four 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 ASSETS
DECEMBER 31, 2010

Assets	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 8,993,027	\$ 2,000,535	\$ 10,993,562
Receivables			
Accounts, net	635,268	554,311	1,189,579
Taxes	2,669,600	-	2,669,600
Due From External Parties	50,872	-	50,872
Due from Other Governments	486,116	-	486,116
Other Assets	856,184	83,703	939,887
Deferred Interest from Refunding	77,353	-	77,353
Pension Asset	10,520,687	-	10,520,687
Restricted Assets			
Cash and Cash Equivalents	128,051	1,868,284	1,996,335
Capital Assets, Not Being Depreciated	2,334,522	1,335,897	3,670,419
Capital Assets, Being Depreciated (Net)	22,164,331	2,882,416	25,046,747
Total Assets	\$ 48,916,011	\$ 8,725,146	\$ 57,641,157
Liabilities			
Accounts Payable	\$ 1,206,531	\$ 1,071,262	\$ 2,277,793
Accrued Liabilities	216,993	8,920	225,913
Accrued Interest Payable	306,334	26,480	332,794
Unearned Revenues	374,565	-	374,565
Escheat Liability	128,051	5,652	133,703
Escrow Deposits	-	74,007	74,007
Long Term Liabilities			
Due within one year			
General Obligation Debt	579,671	75,329	655,000
Notes Payable	-	-	-
Capital Lease	253,831	-	253,831
Due in more than one year			
General Obligation Debt	18,033,873	1,980,148	20,014,021
Notes Payable	-	-	-
Capital Lease	190,720	-	190,720
Due to Bristol Township Sewer Department	-	-	-
Compensated Absences	3,081,505	15,119	3,076,624
Liability for other postemployment benefits	12,539,886	-	12,539,886
Total Liabilities	\$ 36,891,960	\$ 3,256,897	\$ 40,148,857
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 24,054,302	\$ 4,218,313	\$ 28,272,615
Restricted for:			
Capital Projects	9,176,997	2,055,477	11,232,474
Debt Service	726,239	-	726,239
Program Purposes	3,670,021	-	3,670,021
Unrestricted (Deficit)	(25,603,508)	(805,541)	(26,409,049)
Total Net Assets	\$ 12,024,051	\$ 5,468,249	\$ 17,492,300

The accompanying notes are an integral part of the financial statements.

BRISTOL TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

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Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 2,596,606	\$ 1,688,290	\$ 155,160	\$ 316,282	\$ (436,874)	\$ -	\$ (436,874)
Public Safety	20,420,188	510,016	1,921,632	-	(17,988,540)	-	(17,988,540)
Public Works Highways and Streets	5,862,533	252,775	1,064,816	404,505	(4,140,437)	-	(4,140,437)
Community Development	2,129,134	1,350,420	2,083,226	-	1,304,512	-	1,304,512
Culture and Recreation	637,467	80,216	-	54,500	(502,751)	-	(502,751)
Health and Welfare	5,237,904	82,809	-	-	(5,155,095)	-	(5,155,095)
Interest on long-term debt	892,860	-	-	-	(892,860)	-	(892,860)
Total governmental activities	37,776,692	3,964,526	5,224,834	775,287	(27,812,045)	-	(27,812,045)
Business-type activities:							
Sewer Fund	3,850,721	4,659,983	-	-	-	809,262	809,262
Water Fund	645,636	557,459	-	-	-	(88,177)	(88,177)
Total business-type activities	4,496,357	5,217,442	-	-	-	721,085	721,085
Total primary government	\$ 42,273,049	\$ 9,181,968	\$ 5,224,834	\$ 775,287	\$ (27,812,045)	\$ 721,085	\$ (27,090,960)
General revenues:							
Taxes:							
Real Estate Taxes					16,498,882	-	16,498,882
Earned Income Taxes					5,205,907	-	5,205,907
Per Capita Taxes					123,097	-	123,097
Mercantile Taxes					454,374	-	454,374
Mechanical Devices Taxes					70,327	-	70,327
EMS Taxes					745,454	-	745,454
Amusement Taxes					4,050	-	4,050
In Lieu of Taxes					43,403	-	43,403
Unrestricted Investment Earnings					30,052	(59,828)	(29,776)
Transfers					70,000	(70,000)	-
Miscellaneous					306,042	52,035	358,077
Total general revenues and transfers					23,551,588	(77,793)	23,473,795
Change in net assets					(4,260,457)	643,292	(3,617,165)
Net assets - beginning, restated (Note 17)					16,284,508	4,824,957	21,109,465
Net assets - ending					\$ 12,024,051	\$ 5,468,249	\$ 17,492,300

The accompanying notes are an integral part of the financial statements.

BRISTOL TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

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	<u>General</u>	<u>Street Lights Fund</u>	<u>Capital Reserve Fund</u>	<u>Refuse Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$ 2,083,160	\$ 1,196,464	\$ 1,741,535	\$ 1,193,866	\$ 2,779,002	\$ 8,993,027
Restricted Cash	128,051	-	-	-	-	128,051
Receivables						
Accounts	511,580	-	-	8,970	114,718	635,268
Taxes	1,970,732	42,587	45,409	432,038	178,834	2,669,600
Due From Other Governments	3,343	-	-	-	482,773	486,116
Due from Other Funds	335,227	1,823	1,769	20,759	10,045	389,623
Other Assets	171,447	-	-	-	-	171,447
Total Assets	\$ 5,203,540	\$ 1,239,874	\$ 1,788,713	\$ 1,655,833	\$ 3,565,372	\$ 13,453,132
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ 404,344	\$ 67,341	\$ 10,585	\$ 421,517	\$ 302,744	\$ 1,206,531
Accrued Liabilities	216,993	-	-	-	-	216,993
Deferred Revenues	686,412	42,587	45,409	440,671	360,274	1,575,353
Escheat Liability	128,051	-	-	-	-	128,051
Due to Other Funds	-	-	-	-	318,751	318,751
Total Liabilities	1,435,800	109,928	55,994	862,188	981,769	3,445,679
Fund Balances:						
Reserved for:						
Capital Projects	-	-	1,732,719	-	110,734	1,843,453
Debt Service	-	-	-	-	726,239	726,239
Program Purposes	-	1,129,946	-	793,445	1,746,830	3,870,021
Unreserved, reported in:						
General Fund	3,767,740	-	-	-	-	3,767,740
Total Fund Balances (Deficit)	3,767,740	1,129,946	1,732,719	793,445	2,583,603	10,007,453
Total Liabilities and Fund Balances	\$ 5,203,540	\$ 1,239,874	\$ 1,788,713	\$ 1,655,833	\$ 3,565,372	\$ 13,453,132

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BRISTOL
RECONCILIATION OF THE BALANCE SHEET TO GOVERNMENTAL
FUNDS TO STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total fund balances for governmental funds \$ 10,007,453

Total net assets reported for governmental activities in the statement of net assets is different because:

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

Land	1,580,081	
Construction in Progress	323,316	
Buildings and improvements, net of \$3,501,904 accumulated depreciation	1,554,693	
Equipment, net of \$1,413,642 accumulated depreciation	883,765	
Leasehold Assets, net of \$1,205,891 accumulated depreciation	1,330,373	
Infrastructure, net of \$36,025,167 accumulated depreciation	<u>18,395,500</u>	
Total capital assets		24,067,728

The pension asset resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds. 10,520,687

Revenue not available to pay for the current period's expenditures and therefore reported as deferred revenue in the funds:

Property taxes 1,200,788

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 on bonds	(306,334)	
Bonds payable	(18,613,544)	
Less Deferred interest from refunding	77,353	
Capital Leases	(444,552)	
Compensated absences	(3,061,505)	
Liability for other postemployment benefits	(12,539,886)	
Deferred refunding loss	453,493	
Unamortized bond issuance costs and bond discounts	<u>231,245</u>	
Combined adjustment		<u>(34,203,730)</u>

Total net assets of governmental activities \$ 11,592,926

The accompanying notes are an integral part of the financial statements.

BRISTOL TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Page 19

	General	Street Lights Fund	Capital Reserve Fund	Refuse Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 13,949,476	\$ 514,595	\$ 613,753	\$ 5,502,413	\$ 2,422,193	\$ 23,002,430
Licenses, Fees and Permits	2,518,137	-	-	-	-	2,518,137
Charges for Service	1,046,577	635	-	17,738	128,937	1,193,887
Court Costs, Fines and Forfeits	301,223	-	-	-	-	301,223
Intergovernmental	926,940	-	54,500	-	5,002,459	5,983,899
Interest	10,568	3,406	3,512	4,185	8,391	30,052
Other and Reimbursed Expenditures	255,237	-	50,805	-	10,904	316,946
Total Revenues	19,008,148	518,636	722,570	5,524,336	7,572,884	33,346,574
Expenditures						
Current:						
General Government	2,892,862	-	-	-	563,833	3,456,695
Public Safety	12,985,767	-	-	-	2,192,490	15,188,257
Public Works Highways and Streets	2,331,320	867,792	-	-	1,373,249	4,572,361
Community Development	-	-	-	-	2,129,134	2,129,134
Health and Welfare	-	-	-	5,237,904	-	5,237,904
Culture and Recreation	-	-	-	-	582,859	582,859
Capital Outlay	-	-	257,741	-	601,970	859,711
Debt Service						
Principal	150,000	-	-	-	941,889	1,091,889
Interest	776,518	-	-	-	301,232	1,077,750
Total Expenditures	19,116,467	867,792	257,741	5,237,904	8,686,656	34,166,560
Excess of Revenues Over (Under) Expenditures	(108,319)	(349,156)	464,829	286,432	(1,113,772)	(819,986)
Other Financing Sources (Uses):						
Issuance of Debt	-	-	-	-	7,868,544	7,868,544
Payment to redeem bonds	-	-	-	-	(7,550,000)	(7,550,000)
Cap Lease Proceeds	-	-	-	-	579,592	579,592
Bond Premium	-	-	-	-	14,190	14,190
Transfer In	190,000	-	98,958	-	1,554	280,512
Transfer Out	(1,554)	(40,000)	-	(55,000)	(123,958)	(220,512)
Total Other Financing Sources (Uses)	188,446	(40,000)	98,958	(55,000)	789,922	982,326
Net Change in Fund Balances	80,127	(389,156)	563,787	231,432	(323,850)	162,340
Fund Balances - beginning of year	3,687,613	1,519,102	1,168,932	562,013	2,907,453	9,845,113
Fund Balances - end of year	\$ 3,767,740	\$ 1,129,946	\$ 1,732,719	\$ 793,445	\$ 2,583,603	\$ 10,007,453

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BRISTOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

Net change in fund balances - total governmental funds \$ 162,340

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Expenditures for capital assets	2,158,157	
Depreciation expense	<u>(1,713,234)</u>	
Net adjustment		444,923

Contributions in excess of the annual required contribution are reported as an other financing use in the governmental funds. However, in the statement of activities the expense is recorded and amortized as an asset. (402,288)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources. Neither transaction has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

Principal repayments	685,000	
Payments to redeem bonds	7,550,000	
Proceeds from capital leases	(579,592)	
Capital lease payments	406,889	
Proceeds from refunding bonds	(7,868,544)	
Amortization of deferred refunding loss	309,009	
Amortization of bond issuance costs	(8,322)	
Amortization of Deferred Interest from Refunding	<u>(5,525)</u>	
Net adjustment		488,915

Interest is expensed when paid in the governmental funds. However, in the government-wide statements interest is matched to the period in which it was incurred. In the current period the net effect of matching interest expense to the proper period is: 31,218

Revenues in the statement of activities that are not available to provide current financial resources are not reported as revenues in the funds. At the government-wide level revenue recognition is not limited by availability. The effects of these adjustments in the current year are:

Taxes 99,661

Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:

Worker's compensation liability		
Compensated absences	(855,935)	
Other postemployment benefit expense	<u>(4,229,291)</u>	
Net adjustment		<u>(5,085,226)</u>

Change in net assets of governmental activities \$ (4,260,457)

BRISTOL TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

<u>Business-type Activities - Proprietary Funds</u>			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash	\$ 855,155	\$ 1,145,380	\$ 2,000,535
Restricted Cash	-	1,868,284	1,868,284
Accounts Receivables, Net	48,550	505,761	554,311
Due from Other Funds	-	1,758,928	1,758,928
Prepaid and Other Assets	2,289	81,414	83,703
Total Current Assets	905,994	5,359,767	6,265,761
Non-Current Assets:			
Capital Assets, Not Being Depreciated	-	1,335,897	1,335,897
Capital Assets, Being Depreciated (Net)	898,418	1,983,998	2,882,416
Total Non-Current Assets	898,418	3,319,895	4,218,313
Total Assets	\$ 1,804,412	\$ 8,679,662	\$ 10,484,074
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$ 124,442	\$ 946,820	\$ 1,071,262
Accrued Liabilities	-	8,920	8,920
Accrued Interest Payable	-	26,460	26,460
Due to Other Funds	-	1,758,928	1,758,928
General Obligation Bonds Payable	-	75,329	75,329
Escheat Liability	-	5,652	5,652
Esrow Deposits	-	74,007	74,007
Total Current Liabilities	124,442	2,896,116	3,020,558
NonCurrent Liabilities:			
Compensated Absences	-	15,119	15,119
Note Payable	-	-	-
General Obligations Bonds Payable	-	1,980,148	1,980,148
Total NonCurrent Liabilities	-	1,995,267	1,995,267
Total Liabilities	124,442	4,891,383	5,015,825
<u>Net Assets</u>			
Invested in Capital, Net of Related Debt	898,418	3,319,895	4,218,313
Restricted for Capital Projects	-	2,055,477	2,055,477
Unrestricted	781,552	(1,587,093)	(805,541)
Total Net Assets	\$ 1,679,970	\$ 3,788,279	\$ 5,468,249

The accompanying notes are an integral part of the financial statements

BRISTOL TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-type Activities Proprietary Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$ 557,459	\$ 4,411,651	\$ 4,969,110
Penalties and Interest	-	248,332	248,332
Intergovernmental	-	-	-
Other	-	52,035	52,035
Total Operating Revenues	<u>557,459</u>	<u>4,712,018</u>	<u>5,269,477</u>
Operating Expenses			
Administration	580,374	630,510	1,210,884
Operating	-	2,992,181	2,992,181
Depreciation	65,262	228,030	293,292
Total Operating Expenses	<u>645,636</u>	<u>3,850,721</u>	<u>4,496,357</u>
Operating Gain / (Loss)	<u>(88,177)</u>	<u>861,297</u>	<u>773,120</u>
Nonoperating Revenues (Expenses):			
Interest Expense	-	(69,959)	(69,959)
Interest Income	2,752	7,379	10,131
Total Nonoperating Revenues (Expenses)	<u>2,752</u>	<u>(62,580)</u>	<u>(59,828)</u>
Income/Loss Before Operating Transfers	(85,425)	798,717	713,292
Operating Transfer Out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(70,000)</u>
Change in Net Assets	(120,425)	763,717	643,292
Total Net Assets - Beginning of Year	1,800,395	3,024,562	4,824,957
Total Net Assets - End of Year	<u>\$ 1,679,970</u>	<u>\$ 3,788,279</u>	<u>\$ 5,468,249</u>

The accompanying notes are an integral part of the financial statements.

BRISTOL TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2010

	<u>Business-type Activities - Proprietary Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from Customers and Users	\$ 557,460	\$ 4,483,192	\$ 5,040,652
Other Receipts	-	52,035	52,035
Payments to Suppliers and Operations	(732,610)	(2,782,539)	(3,515,149)
Payments to Employees for Salaries and Benefits	(81,522)	(751,157)	(832,679)
Internal Activity - Payments to (from) other funds	-	-	-
Net Cash Provided by/(Used In) Operating Activities	<u>(256,672)</u>	<u>1,001,531</u>	<u>744,859</u>
Cash Flow from Noncapital Financing Activities			
Operating Transfers (Out)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(70,000)</u>
Net Cash Used in Noncapital Financing Activities	<u>(35,000)</u>	<u>(35,000)</u>	<u>(70,000)</u>
Cash Flow from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(674,818)	(674,818)
Principal Payment on Note Payable	-	(147,000)	(147,000)
Interest Expense	-	(41,331)	(41,331)
Bond Proceeds	-	2,008,403	2,008,403
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>1,145,254</u>	<u>1,145,254</u>
Cash Flows from Investing Activities			
Interest	<u>2,752</u>	<u>7,379</u>	<u>10,131</u>
Net Cash Provided by Investing Activities	<u>2,752</u>	<u>7,379</u>	<u>10,131</u>
Net Change in Cash and Cash Equivalents	<u>(288,920)</u>	<u>2,119,164</u>	<u>1,830,244</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,144,075</u>	<u>894,500</u>	<u>2,038,575</u>
Cash and Cash Equivalents, End of Year	<u>\$ 855,155</u>	<u>\$ 3,013,664</u>	<u>\$ 3,868,819</u>
Reconciliation of Operating Income/(Loss) to			
Net Cash Provided by/(Used In) Operating Activities	\$ (88,177)	\$ 861,297	\$ 773,120
Operating Income/(Loss)	-	-	-
Adjustments to Reconcile Operating Income/(Loss)			
to Net Cash Provided by Operating			
Activities			
Depreciation	65,262	228,030	293,292
Change in Assets and Liabilities			
Accounts Receivable	1	(166,433)	(166,432)
Prepaid and Other Assets	-	(10,358)	(10,358)
Accounts Payable	(233,758)	82,062	(151,696)
Accrued Liabilities	-	8,920	8,920
Escrow Deposits	-	(7,038)	(7,038)
Compensated Absences	-	5,051	5,051
Net Cash Provided by/(Used In) Operating Activities	<u>\$ (256,672)</u>	<u>\$ 1,001,531</u>	<u>\$ 744,859</u>

The accompanying notes are an integral part of the financial statements.

BRISTOL TOWNSHIP
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2010

	Pension Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 923,569	\$ 1,585,119	\$ 2,508,688
Investments	37,031,250	-	37,031,250
Accounts Receivable	-	-	-
Interest Receivable	66,255	-	66,255
Due from External Parties	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 38,021,074	\$ 1,585,119	\$ 39,606,193
	<hr/>	<hr/>	<hr/>
Liabilities			
Accrued Liabilities	\$ 13,331	\$ 1,534,247	\$ 1,547,578
Due to External Parties	-	50,872	50,872
	<hr/>	<hr/>	<hr/>
Total Liabilities	13,331	1,585,119	1,598,450
	<hr/>	<hr/>	<hr/>
Net Assets			
Held In Trust for Employee Pension Benefits	38,007,743	-	38,007,743
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

BRISTOL TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Page 25

	Pension Trust Fund
Additions:	
Employer	\$ 16,221
Employee	317,703
Commonwealth	<u>564,367</u>
Total Contributions	<u>898,291</u>
Investment Income	
Interest and Dividends	1,312,133
Net Appreciation in Fair Value of Investments	<u>3,193,029</u>
Total Investment Gain	4,505,162
Less: Investment Expense	<u>(92,621)</u>
Net Investment Gain	<u>4,412,541</u>
Total Additions	<u>5,310,832</u>
Deductions:	
Employee Benefits Paid	2,458,062
Members' Contributions Refunded	-
Administrative Expenses	<u>-</u>
Total Deductions	<u>2,458,062</u>
Net Increase	2,852,770
Net Assets Beginning of Year	<u>35,154,973</u>
Net Assets End of Year	<u>\$ 38,007,743</u>

The accompanying notes are an integral part of the financial statements

BRISTOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Bristol (the "Township") operates under the Home Rule Charter which complies with the First Class Township Code under the laws of the Commonwealth of Pennsylvania. The operations of the Township are vested in an executive and five member council. 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 is as follows:

A) Reporting Entity

The Township has adopted the provisions of GASB Statements No. 51, 53 and 58. The management of the Township has determined that the only statement affecting the current year financials is GASB No. 51. See Note 17.

B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets, 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 effected 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, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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 agency fund financial statements.

BRISTOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the 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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 90 days of the end of the current fiscal period with the exception of property taxes which must 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 non-current 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 another 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 FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The Township reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Refuse Fund accounts for expenditures related to the collection and disposal of refuse.
- The Street Lights Fund accounts for expenditures related to the operation and maintenance of street lights.
- The Capital Reserve Fund is used to account for capital expenditures of the Township.

The Township reports the following major proprietary funds:

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

Additionally, the Township reports the following fund types:

- The Pension Trust Fund accounts for the revenue (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 funds type operating statements present increases (revenues) and decreases (expenses) in total net assets.

TOWNSHIP OF BRISTOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation
 (Continued)

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. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Township has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989 for business-type activities and enterprise funds.

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.

D) Assets, Liabilities, and Net Assets or Fund Balances

1. 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.

2. Receivables and Payables

• Interfund Receivables and Payables

Activity 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.

3. Investments

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

TOWNSHIP OF BRISTOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

D) Assets, Liabilities, and Net Assets or Fund Balances (Continued)

4. 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.

5. Restricted Cash

Restricted cash represents cash set aside for liquidation of specific obligations. At December 31, 2010, the General Fund restricted cash balance of \$128,051 represents funds to be escheated to the state and the Sewer Fund restricted cash balance of \$1,868,284 represents amounts of \$79,659 paid by property owners that are held in escrow accounts for the purpose of sewer hookup and unclaimed monies to be remitted to the state and \$1,224,739 for bond payments.

6. 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 columns in the government-wide financial statements. Property, plant and equipment, and infrastructure with initial, individual costs that equal or exceed \$5,000 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>Asset</u>	<u>Years</u>
Buildings and Improvements	5-40
Equipment	3-20
Infrastructure	40
Water Lines	40
Sewer Collection Lines	10-50

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Assets, Liabilities, and Net Assets or Fund Balances (Continued)

7. Allowance for Doubtful Accounts

Accounts receivable and taxes receivable for the governmental activities have been reported net of an allowance for doubtful accounts in the amount of \$293,912 and \$76,646 respectively. The Water and Sewer Funds evaluate the collectibility of individual receivables and, if necessary, records 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 service to these customers.

8. 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 services. 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*.

9. 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, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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.

10. Deferred/Unearned Revenues

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 fund financial statements represent revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues. The Township deems revenues received within 90 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Assets, Liabilities, and Net Assets or Fund Balances (Continued)

11. Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. 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 Assets* – This 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 Assets* – This category represents net assets of the Township, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Township Council and management and can be increased, reduced, or eliminated by similar actions.

12. 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.

13. 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.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E) 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 2010 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. During the fall, the executive of the Township prepares a preliminary budget which is submitted to the Township Council for review.
2. The Township Council reviews the preliminary projections of revenues and expenditures incorporating any revisions or adjustments.
3. Public meetings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
4. After the 20-day inspection period, but prior to December 31, the Township Council adopts the final budget by enacting an appropriate resolution.
5. Formal budgetary process is employed as a planning device. The adopted budget is on the modified accrual basis. Budget amounts are as originally adopted, or as amended by the Township Council.

Level of Control

The Township maintains budgetary control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

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.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F) Adoption of Governmental Accounting Standards Board Statement

The Township adopted the provisions of GASB Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*". The adoption of this statement restated prior year net assets. See Note 17 for more detail.

The Township adopted the provisions of GASB Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*". The adoption of this statement had no effect on previously reported amounts.

The Township adopted the provisions of GASB Statement No. 58 "*Accounting and Financial Reporting for Chapter 9 Bankruptcies*". The adoption of this statement had no effect on previously reported amounts.

G) Pending Changes in Accounting Principles

In February 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". The Township is required to adopt Statement No. 54 for its calendar year 2011 financial statements.

In December 2009, the GASB issued Statement No. 57 "*OPEB Measurement by Agent Employers and Agent Multi-Employer Plans*". The Township is required to adopt statement No. 57 for its calendar year 2012 financial statements.

In November 2010, the GASB issued Statement No. 60 "*Accounting and Financial Reporting for Service Concession Arrangements*". The Township is required to adopt statement No. 61 for its calendar year 2012 financial statements.

In November 2010, the GASB issued Statement No. 61 "*The Financial Reporting Entity Omnibus*". The Township is required to adopt statement No. 61 for its calendar year 2013 financial statements.

In December 2010, the GASB issued Statement No. 62 "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*". The Township is required to adopt statement No. 61 for its calendar year 2012 financial statements.

The Township does not expect these new pronouncements to have an effect on the financial statements.

NOTE 2: 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.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

The Township and the Police Pension Plan have no formal policy pertaining to exposure of credit risk, custodial credit risk, concentration of credit risk, or interest rate risk for deposits and investments.

Deposits

The Township's deposits including both restricted and unrestricted cash excluding the Pension Trust Fund at December 31, 2010 were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental Funds	\$9,121,078	\$12,998,906
Proprietary Fund	3,868,819	1,840,978
Fiduciary Fund	1,585,119	962,501
	<hr/>	<hr/>
	\$14,575,016	\$15,802,385
	<hr/>	<hr/>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Investments

The Township's investments at December 31, 2010 were as follows:

Pension Trust Fund

	<u>Cost</u>	<u>Market Value</u>
Fixed Income Mutual Funds	\$ 11,222,303	\$ 11,772,524
Equities	4,923,074	5,506,474
Equity Mutual Funds	15,089,713	19,752,252
	<u>\$ 31,235,090</u>	<u>\$ 37,031,250</u>

As of December 31, 2010, the Township had the following debt investments and maturities within its Police Pension Plan accounts:

Average Investment Maturities (in Years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5</u>	<u>6-10</u>
Fixed Income Mutual Funds	\$11,772,524	\$ -	\$ 2,471,684	\$ 9,300,840
	<u>\$11,772,524</u>	<u>\$ -</u>	<u>\$ 2,471,684</u>	<u>\$ 9,300,840</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, 2010, \$3,603,108 (31%), \$7,208,044 (61%), and \$961,372 (8%) of the Police Pension Plan fixed income mutual funds were rated AA, AA and B, respectively by Morningstar and the Police Pension Plan money market funds 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.

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 Pension Police Plan. At December 31, 2010, no investment of the Police Pension Plan represented 5% or more of total net assets.

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, 2010, \$12,696,093 of the Township's deposits were exposed to custodial credit risk, as they were collateralized with securities held by the pledging financial institution and uninsured. At December 31, 2010, none 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.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 3: 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 May 1; face amount, May 2 through July 1, and 10% penalty after July 2. The Township bills these taxes which are collected by Township Tax Office. Assessed values of real property are generally 25% of the market value as determined by the Bucks County Board of Assessment. Real estate taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2010 and expected to be collected within the first sixty (60) days of 2011 are recognized as revenue in 2010. 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 2010 was 16.58 mills for general purposes, .9 mills for recreation purposes, 2 mills for fire purposes, 2.4575 mills for debt purposes, .55 mills for rescue purposes, .125 mills for pension purposes, and 1.5 mills for capital projects on a total Township assessed valuation of \$420,204,750.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities

	12/31/2009			12/31/2010
	Ending Balance Restated (Note 17)	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,508,980	\$ 71,101	\$ -	\$ 1,580,081
Intangibles	-	431,125	-	431,125
Construction in progress	119,197	219,094	(14,975)	323,316
Total capital assets, not being depreciated	<u>1,628,177</u>	<u>721,320</u>	<u>(14,975)</u>	<u>2,334,522</u>
Capital assets, being depreciated:				
Easements	431,125	-	(431,125)	-
Building	3,881,639	-	-	3,881,639
Improvements	791,060	383,898	-	1,174,958
Equipment	2,016,229	310,038	(28,860)	2,297,407
Leases	1,956,672	579,592	-	2,536,264
Infrastructure	53,757,368	663,299	-	54,420,667
Total capital assets, being depreciated	<u>62,834,093</u>	<u>1,936,827</u>	<u>(459,985)</u>	<u>64,310,935</u>
Less accumulated depreciation for:				
Building	(2,939,195)	(40,421)	-	(2,979,616)
Improvements	(494,808)	(27,480)	-	(522,288)
Equipment	(1,224,573)	(189,069)	-	(1,413,642)
Leases	(930,834)	(275,057)	-	(1,205,891)
Infrastructure	(34,818,930)	(1,206,237)	-	(36,025,167)
Total accumulated depreciation	<u>(40,408,340)</u>	<u>(1,738,264)</u>	<u>-</u>	<u>(42,146,604)</u>
Total capital assets being depreciated, net	<u>22,425,753</u>	<u>198,563</u>	<u>(459,985)</u>	<u>22,164,331</u>
Governmental activities capital assets, net	<u>\$ 24,053,930</u>	<u>\$ 919,883</u>	<u>\$ (474,960)</u>	<u>\$ 24,498,853</u>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 4: CAPITAL ASSETS (CONTINUED)

Governmental Activities (Continue)

Previously reported accumulated depreciation for easements of \$53,890 has been reversed in the prior year via a net asset restatement in accordance with GASB 51. See Note 17 for more detail of the restatement.

Business-Type Activities

	Ending Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 140,000	\$ -	\$ -	\$ 140,000
Construction in progress	<u>546,568</u>	<u>649,329</u>	<u>-</u>	<u>1,195,897</u>
Total capital assets, not being depreciated	<u>686,568</u>	<u>649,329</u>	<u>-</u>	<u>1,335,897</u>
Capital assets, being depreciated:				
Building	1,288,943	-	-	1,288,943
Tanks	1,964,174	-	-	1,964,174
Pump Stations	1,056,207	-	-	1,056,207
Land Improvements	5,970	-	-	5,970
Office Equipment	103,480	-	-	103,480
Vehicles	97,825	-	-	97,825
Equipment	3,532,923	18,995	-	3,551,918
Collection System	5,362,716	6,495	-	5,369,211
Water Lines	<u>2,601,519</u>	<u>-</u>	<u>-</u>	<u>2,601,519</u>
Total capital assets, being depreciated	<u>16,013,757</u>	<u>25,490</u>	<u>-</u>	<u>16,039,247</u>
Total Capital Assets	<u>16,700,325</u>	<u>674,819</u>	<u>-</u>	<u>17,375,144</u>
Less accumulated depreciation for:				
Buildings	(1,288,943)	-	-	(1,288,943)
Tanks	(1,382,367)	(33,735)	-	(1,416,102)
Pump Stations	(783,433)	(11,250)	-	(794,683)
Land Improvements	(3,981)	(1,194)	-	(5,175)
Office Equipment	(95,901)	(4,709)	-	(100,610)
Vehicles	(96,757)	(1,068)	-	(97,825)
Equipment	(3,090,282)	(65,965)	-	(3,156,247)
Collection System	(4,484,035)	(110,110)	-	(4,594,145)
Water Lines	<u>(1,637,839)</u>	<u>(65,262)</u>	<u>-</u>	<u>(1,703,101)</u>
Total accumulated depreciation	<u>(12,863,538)</u>	<u>(293,293)</u>	<u>-</u>	<u>(13,156,831)</u>
Total capital assets, net	<u>\$ 3,836,787</u>	<u>\$ 381,526</u>	<u>\$ -</u>	<u>\$ 4,218,313</u>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 124,780
Public safety	247,788
Public works highways and streets	1,286,712
Culture and recreation	<u>53,954</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,713,234</u>

Business-Type Activities

Water Fund	\$ 65,262
Sewer Fund	<u>224,327</u>
Total Depreciation Expense, Business-Type Activities	<u>\$ 289,589</u>

NOTE 5: EMPLOYEES RETIREMENT PLANS

A. Police Pension Trust FundPlan Description

The Township maintains a single-employer defined benefit pension plan for all of the 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 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. Current memberships in the plan are composed of the following based on the actuarial valuation dated January 1, 2009, the date of the latest actuarial valuation:

Active Employees	76
Retirees and Beneficiaries Currently Receiving Benefits	61
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	1

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 thirty-six 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% or 100% if killed in service. Disability is provided for service injuries at 100% of annual rate of pay offset by workers' compensation. Cost of living adjustments shall be provided for all members retiring on or after January 1, 1991, based on the increase in 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.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 5: EMPLOYEES RETIREMENT PLANS (CONTINUED)

A. Police Pension Trust Fund (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.

The following schedule of funding progress presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress for the Bristol Township Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
1/1/05	\$21,701,499	\$31,809,345	\$10,107,846	68.2%	\$4,704,683	214.9%
1/1/07	\$25,329,086	\$34,870,323	\$ 9,541,237	72.6%	\$5,062,559	188.5%
1/1/09	\$38,121,448	\$42,174,232	\$4,052,784	90.4%	5,797,453	69.9%

Investments

The pension trust fund investments are stated at fair value. Investments that do not have an established market are reported at estimated fair value.

Annual Pension Cost

The annual required contribution was determined based on the most recent annual actuarial valuation dated as of January 1, 2009. The entry age normal method of funding was used in the valuation. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets at 8% per year net of investment expenses and (b) projected salary increases of 6% per year.

Annual Pension Costs – Three-year Trend Information

<u>Year Ended</u>	<u>Annual Pension Costs</u>	<u>Percentage of Amount Of Pension Costs Contributed</u>	<u>Net Pension Assets</u>
December 31, 2010	\$ 564,367	- %	\$ 10,520,687
December 31, 2009	\$ 959,642	61%	\$ 10,992,975
December 31, 2008	\$ 499,322	124%	\$ 11,299,121

TOWNSHIP OF BRISTOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 5: EMPLOYEES RETIREMENT PLANS (CONTINUED)

A. Police Pension Trust Fund (Continued)Actuarial Valuation Information

The Township has an actuarial valuation prepared every two years. The following methods and assumptions were used to prepare the valuation:

Actuarial Valuation Date:	January 1, 2009
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	130% of Market Value
Amortization Method	Level Dollar
Remaining Amortization Period	16 Years
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	6%

During 2008, the Township issued federally taxable general obligation bonds to fully fund the unfunded actuarial accrued pension liability in the police pension plan. The Township's contribution resulted in a net pension asset in the police pension plan. At December 31, 2010, the Township's net pension asset was:

Annual Required Contribution (ARC)	\$ 564,367
Interest on Net Pension Asset	(873,838)
Adjustment to ARC	<u>1,276,126</u>
Annual Pension Cost (Expense)	966,655
Contributions Made	<u>(564,367)</u>
Decrease in Net Pension Asset	402,288
Net Pension Asset - Beginning of Year	<u>(10,922,975)</u>
Net Pension Asset - End of Year	<u>\$ (10,520,687)</u>

Contributions Required and Contributions Made

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation ("MMO") to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated contributions. The annual required contribution for the MMO to the Pension Trust Fund was \$564,367, which was funded by the Township through a State Aid amount of \$564,367. The contribution represented 10% of covered payroll. Employee contributions in 2009 totaled \$317,703 or 5% of covered payroll.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 5: EMPLOYEES RETIREMENT PLANS (CONTINUED)

Contributions Required and Contributions Made (Continued)

Schedule of Contributions From Employer - Six-year Trend Information

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of Annual Required Contribution Contributed</u>
December 31, 2010	\$ 564,367	100%
December 31, 2009	\$ 543,501	107%
December 31, 2008	\$ 499,322	124%
December 31, 2007	\$1,984,931	100%
December 31, 2006	\$1,951,148	100%
December 31, 2005	\$1,901,805	100%

B. 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 \$143,658 and \$150,609, respectively, during the year ended December 31, 2010.

C. Bristol Township Sewer Department

The Sewer Department provides a defined contribution pension plan for eligible full-time employees. Members are required to contribute an amount equal to 1% of compensation but may elect to contribute an amount in excess of the required 1% up to a maximum of 10% of compensation. The Sewer Department contributes on behalf of each member, on a quarterly basis, a maximum of 5% of each member's compensation. The contribution of the Sewer Department shall be equal to the contribution of the member up to 4% of compensation plus 1%. The Sewer Department and employee contributions to the plan were \$20,273 and \$28,495, respectively, during the year ended December 31, 2010.

NOTE 6: 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 \$7,175,796 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.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 7: 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 50% of unused sick leave as determined in the employee's contractual agreement.

For employee's of the Sewer Department, vacation time not taken at year end accrues and must be taken within the next nine months. 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 time of termination up to a maximum of \$5,000 if the employee has 10 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 meet certain specific conditions. The Township has determined that such conditions apply to accumulated sick pay of Governmental Funds and the 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.

NOTE 8: 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 at December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable:</u>					
General Obligation Bonded Debt	\$ 18,980,000	\$ 7,868,544	\$ (8,235,000)	\$ 18,613,544	\$ 579,671
Total Bonds Payable	<u>18,980,000</u>	<u>7,868,544</u>	<u>(8,235,000)</u>	<u>18,613,544</u>	<u>579,671</u>
<u>Other Liabilities:</u>					
Compensated Absences	2,205,570	855,935	-	3,061,505	177,607
Capital Leases	271,849	579,592	(406,889)	444,552	253,831
Liability for Other Postemployment Benefits	<u>8,310,595</u>	<u>4,229,291</u>	<u>-</u>	<u>12,539,886</u>	<u>-</u>
Total Other Liabilities	<u>10,788,014</u>	<u>5,664,818</u>	<u>(406,889)</u>	<u>16,045,943</u>	<u>431,438</u>
Governmental Activities Long-Term Liabilities	<u>\$ 29,768,014</u>	<u>\$ 13,533,362</u>	<u>\$ (8,641,889)</u>	<u>\$ 34,659,487</u>	<u>\$ 1,011,109</u>

New Debt

In March of 2010, Bristol Township issued \$7,868,544 in General Obligation Bonds, 2010 Series, all of which is related to the Township. The Township recognized a premium of \$14,190 as a result of the issuance. The proceeds of the 2010 Bonds were used to currently refund the outstanding General Obligation Bonds of 2004 and to pay issuance costs of \$173,537. A deferred debt of \$463,000 was recognized as a result of the transaction. The bonds mature on September 1, 2030 and carry an interest rate between 2% and 4.25%.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Note Payable	\$ 147,000	\$ 2,051,456	\$ (147,000)	\$ 2,051,456	\$ 75,329
Total Note Payable	<u>147,000</u>	<u>2,051,456</u>	<u>(147,000)</u>	<u>2,051,456</u>	<u>75,329</u>
Other Liabilities:					
Compensated Absences	<u>10,068</u>	<u>5,051</u>	<u>-</u>	<u>15,119</u>	<u>-</u>
Total Other Liabilities	<u>10,068</u>	<u>5,051</u>	<u>-</u>	<u>15,119</u>	<u>-</u>
Business Type Activities Long-Term Liabilities	<u>\$ 157,068</u>	<u>\$ 2,056,507</u>	<u>\$ (147,000)</u>	<u>\$ 2,066,575</u>	<u>\$ 75,329</u>

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):

Years Ended December 31	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2011	579,671	1,018,227	1,597,898
2012	596,212	999,974	1,596,186
2013	619,148	974,724	1,593,872
2014	639,693	948,470	1,588,163
2015	665,783	919,858	1,585,641
2016-2020	3,770,757	4,213,235	7,983,992
2021-2025	4,047,280	3,302,268	7,349,548
2026-2030	2,185,000	2,451,724	4,636,724
2031-2035	3,080,000	1,559,774	4,639,774
2036-2038	<u>2,430,000</u>	<u>355,356</u>	<u>2,785,356</u>
	<u>18,613,544</u>	<u>16,743,610</u>	<u>35,357,154</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):

Years Ended December 31	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2011	75,329	76,309	151,638
2012	73,788	74,426	148,214
2013	75,852	71,474	147,326
2014	90,307	68,440	158,747
2015	94,217	64,828	159,045
2016-2020	449,243	286,989	736,232
2021-2025	507,720	207,668	715,388
2026-2030	<u>685,000</u>	<u>90,100</u>	<u>775,100</u>
	<u>2,051,456</u>	<u>940,234</u>	<u>2,991,690</u>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

The following is a summary of general obligation debt outstanding:

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2010</u>
2010	\$9,920,000	General Obligation Bonds, Series 2010 – General obligation bonds with interest semiannually through September 1, 2030; interest rates range from 2.0% to 4.25%; principal payments due annually through September 1, 2030, for the refunding of the General Obligation Bonds, Series of 2004 and for the funding of various capital projects.	\$ 9,385,000
2008	\$ 11,430,000	Federally Taxable General Obligation Bonds, Series 2008 – General obligation bonds with interest semiannually through September 15, 2038; 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.	\$ 11,280,000
Total			<u>\$ 20,665,000</u>

NOTE 9: OBLIGATION UNDER CAPITAL LEASE

Obligation under capital lease consists of the following leases payable:

1 Compactor in the amount of \$35,800 for the Liquid Fuels Department bearing an interest rate of 4.9% expiring in May 2011.

1 Paver in the amount of \$247,645 for the Liquid Fuels Department bearing an interest rate of 4.9% expiring in May 2011.

1 Roller in the amount of \$88,150 for the Liquid Fuels Department bearing an interest rate of 4.9% expiring in May 2011.

1 Street Sweeper in the amount of \$177,053 for the Liquid Fuels Department bearing an interest rate of 4.52% expiring in May 2011.

2 2010 Ford F 550 in the amount of \$126,212 for the Public Works Department bearing an interest rate of 4.7% expiring in May of 2012.

1 Vacuum Sweeper in the amount of \$203,500 for the Public Works Department bearing an interest rate of 3.79% expiring in May of 2012.

6 Chevy Impalas and 1 Ford Explorer in the amount of \$249,879 for the Police Department bearing an interest rate of 4.7% expiring in May of 2012.

The assets acquired through capital leases are as follows:

Asset:	
Equipment	\$2,536,264
Less: Accumulated Depreciation	<u>(1,205,891)</u>
Total	<u>\$1,330,373</u>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 9: OBLIGATION UNDER CAPITAL LEASE (CONTINUED)

The following is a schedule of future minimum lease payments under the capital lease agreements together with the present value of the net minimum lease payments as of December 31, 2010:

Total Minimum Lease Payments	\$471,866
Less: Amount Representing Interest	<u>(27,314)</u>
Total Present Value of Net Minimum Lease Payments	444,552
Less: Amounts Due within One Year	<u>(253,831)</u>
Long Term Capital Lease Payable	<u>\$190,721</u>

Future minimum capital lease payments as of December 31, 2010:

2011	\$ 253,831
2012	<u>190,721</u>
Total Future Minimum Lease Payments	<u>\$ 444,552</u>

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2010:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 335,227	\$ -
Street Lights Fund	1,823	-
Capital Reserve Fund	1,769	-
Refuse Fund	20,759	-
Other Governmental Funds	10,045	318,751
Total Governmental Funds	<u>369,623</u>	<u>318,751</u>
Fiduciary Funds		
Agency Funds	-	50,872
Total Fiduciary Funds	<u>-</u>	<u>50,872</u>
Proprietary Funds		
Sewer Funds	\$1,759,393	\$1,759,393
Total Interfund Receivables and Payables	<u>\$ 2,129,016</u>	<u>\$ 2,129,016</u>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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

NOTE 11: INTERFUND OPERATING TRANSFERS

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

Governmental Funds:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 190,000	\$ 1,554
Street Lights Fund	-	40,000
Refuse Fund	-	55,000
Capital Reserve	98,958	123,958
Other Governmental Funds	1,554	-
Total Governmental Funds	<u>290,512</u>	<u>220,512</u>
Proprietary Fund		
Water Fund	-	35,000
Sewer Fund	-	35,000
Total Proprietary Funds	<u>-</u>	<u>70,000</u>
Total Interfund Operating Transfers	<u>\$ 290,512</u>	<u>\$ 290,512</u>

NOTE 12: INTERAUTHORITY TREATMENT SERVICES

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. These agreements expire between 2004 and 2012. For the year ended December 31, 2010, the Township's expense for treatment services under these agreements was \$1,425,095.

NOTE 13: RISK MANAGEMENT

The Township maintains an insurance policy ("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, 2010, the Township paid insurance premiums of \$751,557.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 14: RESERVED/RESTRICTED FUND BALANCES/NET ASSETS

The reservations/restrictions of fund balance/net assets included in the government-wide and fund financial statements represent portions of fund balances/net assets that are restricted for various purposes and are not available for payment of other subsequent expenditures. The following reservations/restrictions are included in the government-wide and fund financial statements:

Governmental Activities/Governmental Funds

Street Lights Fund

<u>Program Purposes</u>	<u>\$ 1,129,496</u>
Reserved for future payments of the street lights program.	

Refuse Fund

<u>Program Purposes</u>	<u>\$ 793,445</u>
Reserved for future payments of the refuse program.	

Capital Reserve Fund

Reserved for construction on capital projects.	<u>\$ 1,732,719</u>
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Other Governmental Funds

<u>Capital Project Funds</u>	<u>\$ 110,734</u>
Reserved for construction on capital projects.	

<u>Debt Service Funds</u>	<u>\$ 726,239</u>
Reserved for payment of principle and interest on debt	

<u>Program Purposes</u>	<u>\$ 1,746,630</u>
Reserved for future payments of the programs these funds are restricted for.	

Fiduciary Funds

<u>Police Retirement Trust Fund</u>	<u>\$38,007,743</u>
This reserve represents amounts restricted for the payment of pension benefits.	

NOTE 15: POST-EMPLOYMENT BENEFIT PLAN

Plan Description. The Township administers a single-employer postemployment benefit plan (the 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 Plan is 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. The Plan does not issue a publicly available financial report.

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 15 POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

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 2010, the Township contributed \$1,647,979 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The Township's annual other postemployment 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 thirty years.

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/08	\$ 5,512,779	16.19%	\$ 4,620,063
12/31/09	\$ 5,680,999	35.04%	\$ 8,310,595
12/31/10	\$5,877,270	28.04%	\$12,539,886

The Township adopted GASB 45 on a prospective basis in 2008; therefore only three years are presented in the above schedule.

The following table shows 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:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Annual required contribution (ARC)	\$ 6,043,590	\$ 6,043,590
Interest on net OPEB obligation	332,424	332,424
Adjustment to ARC	<u>(498,744)</u>	<u>(498,744)</u>
Annual OPEB costs (expense)	5,877,270	5,877,270
Contributions made	<u>(1,647,979)</u>	<u>(1,647,979)</u>
Increase in net OPEB obligation	4,229,291	4,229,291
Net OPEB obligation - beginning of year	<u>8,310,595</u>	<u>8,310,595</u>
Net OPEB obligation - end of year	<u>\$ 12,539,886</u>	<u>\$ 12,539,886</u>

TOWNSHIP OF BRISTOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 15: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress. As of January 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$66,917,267 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,917,267. The covered payroll (annual payroll of active employees covered by the plan) was \$4.8 million, and the ratio of the UAAL to the covered payroll was 1383.1%.

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 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, 2010 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 long-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 12% initially, reduced by 0.5% per year to an ultimate rate of 5% in 2022 and later years. The actuarial assumptions also include a vision cost trend rate increase of 5.0% per year. The actuarial valuation assumes 100% participant election and 80% of retiring member's 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.

NOTE 16: 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, 2010.

TOWNSHIP OF BRISTOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 17: RESTATEMENT OF NET ASSETS

Governmental Funds:

The following restatement of net assets was necessary to properly reflect the fair value of intangible assets due to the Township adopting GASB 51, "Accounting and Financial Reporting for Intangible Assets."

Net assets, beginning of year, as previously stated	\$ 16,230,618
GASB 51 Implementation	
Accumulated amortization of intangible assets	<u>53,890</u>
Net assets, beginning of year, as restated	<u>\$ 16,284,508</u>

NOTE 18: REFUNDED DEBT

In February 2010 the Township issued General Obligation Bonds Series of 2010 for \$9,920,000. The proceeds were used to refund the Township's General Obligation Bonds Series of 2004 to fund certain capital projects.

At December 31, 2010, the principal amount outstanding relative to refunded debt was \$9,385,000.

REQUIRED
SUPPLEMENTAL
INFORMATION

BRISTOL TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 14,301,741	\$ 14,301,741	\$ 13,949,476	\$ (352,265)
Licenses, Fees and Permits	2,503,100	2,503,100	2,518,137	15,037
Charges for Service	1,148,229	1,148,229	1,046,577	(101,652)
Court Costs, Fines and Forfeits	291,000	291,000	301,223	10,223
Intergovernmental	460,386	460,386	926,940	466,554
Interest	40,000	40,000	10,558	(29,442)
Miscellaneous	254,662	254,662	255,237	575
Total Revenues	18,999,118	18,999,118	19,008,148	9,030
Expenditures				
Current:				
General Government	3,145,957	3,145,957	2,892,862	253,095
Public Safety	13,742,917	13,742,917	12,965,767	777,150
Public Works Highways and Streets	2,300,144	2,300,144	2,331,320	(31,176)
Health and Welfare	-	-	-	-
Debt Service				
Principal	-	-	150,000	(150,000)
Interest	-	-	776,518	(776,518)
Total Expenditures	19,189,018	19,189,018	19,116,467	72,551
Excess of Revenues Under Expenditures	(189,900)	(189,900)	(108,319)	81,581
Other Financing Sources (Uses):				
Operating Transfers In	190,000	190,000	190,000	-
Operating Transfers Out	-	-	(1,554)	(1,554)
Total Other Financing Sources (Uses)	190,000	190,000	188,446	(1,554)
Net Change in Fund Balances	100	100	80,127	80,027
Fund Balances Beginning of Year	-	-	3,687,613	3,687,613
Fund Balances End of Year	\$ 100	\$ 100	\$ 3,767,740	\$ 3,767,640

BRISTOL TOWNSHIP
REFUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,288,332	\$ 5,288,332	\$ 5,502,413	\$ 214,081
Charges for Service	5,000	5,000	17,738	12,738
Intergovernmental	100,000	100,000	-	(100,000)
Interest	6,000	6,000	4,185	(1,815)
Total Revenues	<u>5,399,332</u>	<u>5,399,332</u>	<u>5,524,336</u>	<u>125,004</u>
Expenditures				
Current:				
Health and Welfare	<u>5,344,332</u>	<u>5,344,332</u>	<u>5,237,904</u>	<u>106,428</u>
Total Expenditures	<u>5,344,332</u>	<u>5,344,332</u>	<u>5,237,904</u>	<u>106,428</u>
Excess of Revenues Over Expenditures	<u>55,000</u>	<u>55,000</u>	<u>286,432</u>	<u>231,432</u>
Other Financing (Uses):				
Operating Transfers Out	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Total Other Financing (Uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	231,432	231,432
Fund Balances Beginning of Year	-	-	562,013	562,013
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793,445</u>	<u>\$ 793,445</u>

BRISTOL TOWNSHIP
STREET LIGHTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 486,868	\$ 486,868	\$ 514,595	\$ 27,727
Charges for Service	-	-	635	635
Intergovernmental	3,000	3,000	-	(3,000)
Interest	5,000	5,000	3,406	(1,594)
Miscellaneous	-	-	-	-
Total Revenues	494,868	494,868	518,636	23,768
Expenditures				
Current:				
Public Works Highways and Streets	846,000	846,000	867,792	(21,792)
Total Expenditures	846,000	846,000	867,792	(21,792)
Excess of Revenues Under Expenditures	(351,132)	(351,132)	(349,156)	1,976
Other Financing Sources (Uses):				
Operating Transfers In	391,132	391,132	-	(391,132)
Operating Transfers Out	(40,000)	(40,000)	(40,000)	-
Total Other Financing (Uses)	351,132	351,132	(40,000)	(391,132)
Net Change in Fund Balances	-	-	(389,156)	(389,156)
Fund Balances Beginning of Year	-	-	1,519,102	1,519,102
Fund Balances End of Year	\$ -	\$ -	\$ 1,129,946	\$ 1,129,946

BRISTOL TOWNSHIP
 SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
 DECEMBER 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ -	\$ 66,917,267	\$ 66,917,267	0%	\$ 4,636,138	1383.1%

The Township adopted GASB 45 on a prospective basis in 2008; therefore only one year is presented in the above schedule.