



Bristol Township
Bristol, Pennsylvania
Bucks County

Financial Statements
Year Ended December 31, 2021



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BRISTOL TOWNSHIP

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BRISTOL TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

**Township Council
Bristol Township
Bristol, Pennsylvania**

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bristol Township, Bristol, Pennsylvania as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Bristol Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bristol Township, Bristol, Pennsylvania as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bristol Township, Bristol, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bristol Township, Bristol, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bristol Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bristol Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Bristol Township's 2020 financial statements, and our report dated November 8, 2021 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, budgetary comparison schedule – Liquid Fuels Fund, budgetary comparison schedule – Refuse Fund, the schedules changes in net police pension liability (asset), schedule of changes in net nonuniform pension liability (asset), schedule of Township police pension contributions, - schedule of Township nonuniform pension contributions, and schedule of changes in net OPEB liability on pages 4 through 15 and 53 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bristol Township's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2022 on our consideration of Bristol Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Bristol Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bristol Township's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
November 5, 2022**

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

Management's discussion and analysis ("**MD&A**") of the financial performance of Bristol Township, Bristol, Pennsylvania (the "**Township**") provides an overview of the Township's financial performance for fiscal year ended December 31, 2021. Readers should also review the basic financial statements and related notes to enhance their understanding of the Township's financial performance.

TOWNSHIP PROFILE

The Township was established in 1692 and is governed by an elected seven-member Council pursuant to the Home Rule and Optional Plans Government Law, 53 Pa.C.S. Section 2901, et seq. The Township is located in Bucks County, Pennsylvania and is second largest municipality in the County. The Township encompasses 17.7 square miles, which includes the geographic areas of Croydon and Edgely, as well as a large part of Levittown. The Township employs approximately 110 employees comprised of 106 full-time and 4 part-time employees.

FINANCIAL HIGHLIGHTS

- * On a government-wide basis including all governmental activities and the business-type activities, the assets and deferred outflows of resources of the Township exceeded liabilities and deferred inflows of resources resulting in total net position at the close of the 2021 fiscal year of \$1,342,045. During the 2021 fiscal year, the Township had an increase in total net position of \$5,792,403. The net position of the governmental activities increased by \$5,809,446 and net position of business-type activities decreased by \$17,043.
- * As of the close of the 2021 fiscal year, the Township's governmental funds reported combined ending fund balances of \$51,164,229, an increase of \$15,187,646 in comparison with the prior year.
- * The General Fund reported an increase in fund balance of \$5,214,197, bringing the cumulative balance to \$12,470,176 or 61.32% of total General Fund expenditures and other financing uses at the conclusion of the 2021 fiscal year.
- * General Fund revenues and other financing sources were \$3,297,690 or 14.82% more than budgeted amounts and General Fund expenditures and other financing uses were \$1,916,507 or 8.61% less than budgeted amounts as all major uses of funds had positive variances, resulting in a net positive variance of \$5,214,197.
- * In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Position (Deficit) presents information on all of the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Township is improving or deteriorating. To assess the Township's overall health, the reader will need to consider additional nonfinancial factors such as changes in the Township's tax base and the condition of the Township's assets.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the Township's activities are divided into two categories:

Governmental Activities

Most of the Township's basic services are included here, such as general administration, public safety, public works, culture and recreation and community development.

Business-type Activities

The Township's business-type activities charge a fee to customers to help cover all or most of the cost of certain services it provides. The Township's wastewater treatment and collection activities are reported as business-type activities.

The government-wide financial statements can be found on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Township's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the Township's basic services are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains seventeen individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for each of the four major funds and the nonmajor governmental funds.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

The Township adopts an annual appropriated budget for its General, Liquid Fuels and Refuse Funds. A budgetary comparison schedule has been provided for the General, Liquid Fuels and Refuse Funds to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds

The Township maintains one proprietary fund to account for the business-type activities of its Sewer Fund. Proprietary funds account for activity in the same way as other businesses in the private sector world.

The proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary Funds

The Township is the trustee, or fiduciary, for its Police Pension Plan and certain Custodial Funds. Fiduciary funds are not reflected in the government-wide financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township has an Escrow Fund and a Police Pension Trust Fund.

The fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on pages 27 through 52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, Liquid Fuels Fund and Refuse Fund and schedules concerning the Township's net pension liability (asset) and pension contributions and changes in its other post-employment benefits liability, as well as additional analysis which consists of combining and individual fund financial statements.

The required supplementary information and additional analysis can be found on pages 52 through 62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Township's financial condition. At the close of the 2021 fiscal year the Township's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,342,045. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the Township at December 31, 2021 and 2020.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$ 62,355,962	\$ 39,222,584	\$16,700,801	\$11,022,872	\$ 79,056,763	\$ 50,245,456
Noncurrent assets	64,127,532	62,004,759	16,779,045	14,200,483	80,906,577	76,205,242
Total assets	<u>126,483,494</u>	<u>101,227,343</u>	<u>33,479,846</u>	<u>25,223,355</u>	<u>159,963,340</u>	<u>126,450,698</u>
DEFERRED OUTFLOWS						
Deferred loss on debt refunding	2,061,658	2,190,511	-	-	2,061,658	2,190,511
Deferred charges - OPEB	19,639,818	7,853,836	-	-	19,639,818	7,853,836
Deferred charges - pensions	4,272,240	51,763	-	-	4,272,240	51,763
Total deferred outflows	<u>25,973,716</u>	<u>10,096,110</u>	<u>-</u>	<u>-</u>	<u>25,973,716</u>	<u>10,096,110</u>
LIABILITIES						
Current liabilities	10,729,324	2,596,445	2,230,300	791,267	12,959,624	3,387,712
Noncurrent liabilities	135,635,892	109,583,107	20,201,976	13,367,475	155,837,868	122,950,582
Total liabilities	<u>146,365,216</u>	<u>112,179,552</u>	<u>22,432,276</u>	<u>14,158,742</u>	<u>168,797,492</u>	<u>126,338,294</u>
DEFERRED INFLOWS						
Deferred credits - OPEB	5,641,038	7,872,079	-	-	5,641,038	7,872,079
Deferred credits - pensions	10,156,481	6,786,793	-	-	10,156,481	6,786,793
Total deferred outflows	<u>15,797,519</u>	<u>14,658,872</u>	<u>-</u>	<u>-</u>	<u>15,797,519</u>	<u>14,658,872</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	30,381,894	27,450,867	5,994,673	5,918,617	36,376,567	33,369,484
Restricted	5,049,305	4,700,986	-	-	5,049,305	4,700,986
Unrestricted (deficit)	(45,136,724)	(47,666,824)	5,052,897	5,145,996	(40,083,827)	(42,520,828)
Total net position (deficit)	<u>\$ (9,705,525)</u>	<u>\$ (15,514,971)</u>	<u>\$11,047,570</u>	<u>\$11,064,613</u>	<u>\$ 1,342,045</u>	<u>\$ (4,450,358)</u>

The Township's total assets as of December 31, 2021 were \$159,963,340 of which \$71,345,405 or 44.60% consisted of unrestricted cash and \$80,906,577 or 50.58% consisted of the Township's investment in capital assets. The Township's total liabilities as of December 31, 2021 were \$168,797,492 of which \$71,457,950 or 42.33% consisted of general obligation debt used to acquire and construct capital assets and \$85,289,059 or 50.53% consists of the actuarially determined liability for other post-employment benefits.

The Township had a deficit in unrestricted net position of \$40,083,827 at December 31, 2021. The Township's unrestricted net position increased by \$2,437,001 during 2021 primarily due to the current year results from operations and the change in the net pension liability and related deferred outflows and inflows.

A portion of the Township's net position reflects its restricted net position which totaled \$5,049,305 as of December 31, 2021. All of the Township's restricted net position relate to the net position of the Township's special revenue and capital funds with external constraints imposed by grantors, contributors, or enabling legislation.

The largest portion of the Township's net position reflects its net investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to residents of the Township; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended December 31, 2021, the Township's net investment in capital assets increased by \$3,007,083 primarily because the debt used to acquire the capital assets is being repaid faster than the capital assets are being depreciated and capital assets were acquired with funding sources other than long-term debt.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

The following table presents condensed information for the *Statement of Activities* of the Township for 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	\$ 4,216,148	\$ 3,138,515	\$5,402,140	\$5,158,178	\$ 9,618,288	\$ 8,296,693
Operating grants and contributions	5,851,864	3,366,637	-	-	5,851,864	3,366,637
Capital grants and contributions	1,755,221	1,273,325	-	-	1,755,221	1,273,325
General revenues						
Taxes	27,455,371	26,028,955	-	-	27,455,371	26,028,955
Franchise fees	993,268	1,021,954	-	-	993,268	1,021,954
Gain on sale of capital assets	5,900	19,216	-	-	5,900	19,216
Investment earnings	113,338	362,544	22,858	115,663	136,196	478,207
Total revenues	<u>40,391,110</u>	<u>35,211,146</u>	<u>5,424,998</u>	<u>5,273,841</u>	<u>45,816,108</u>	<u>40,484,987</u>
EXPENSES						
General government	2,228,452	3,372,510	-	-	2,228,452	3,372,510
Public safety	19,556,669	16,677,767	-	-	19,556,669	16,677,767
Public works	2,519,646	3,799,738	-	-	2,519,646	3,799,738
Sanitation	5,047,502	4,965,982	-	-	5,047,502	4,965,982
Culture and recreation	2,226,648	468,692	-	-	2,226,648	468,692
Community development	1,619,009	279,375	-	-	1,619,009	279,375
Interest and amortization expense related to noncurrent liabilities	1,418,738	1,354,331	-	-	1,418,738	1,354,331
Sewer	-	-	5,407,041	5,115,494	5,407,041	5,115,494
Total expenses	<u>34,616,664</u>	<u>30,918,395</u>	<u>5,407,041</u>	<u>5,115,494</u>	<u>40,023,705</u>	<u>36,033,889</u>
Change in net position (deficit) before transfers	5,774,446	4,292,751	17,957	158,347	5,792,403	4,451,098
TRANSFERS	<u>35,000</u>	<u>35,000</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	<u>\$ 5,809,446</u>	<u>\$ 4,327,751</u>	<u>\$ (17,043)</u>	<u>\$ 123,347</u>	<u>\$ 5,792,403</u>	<u>\$ 4,451,098</u>

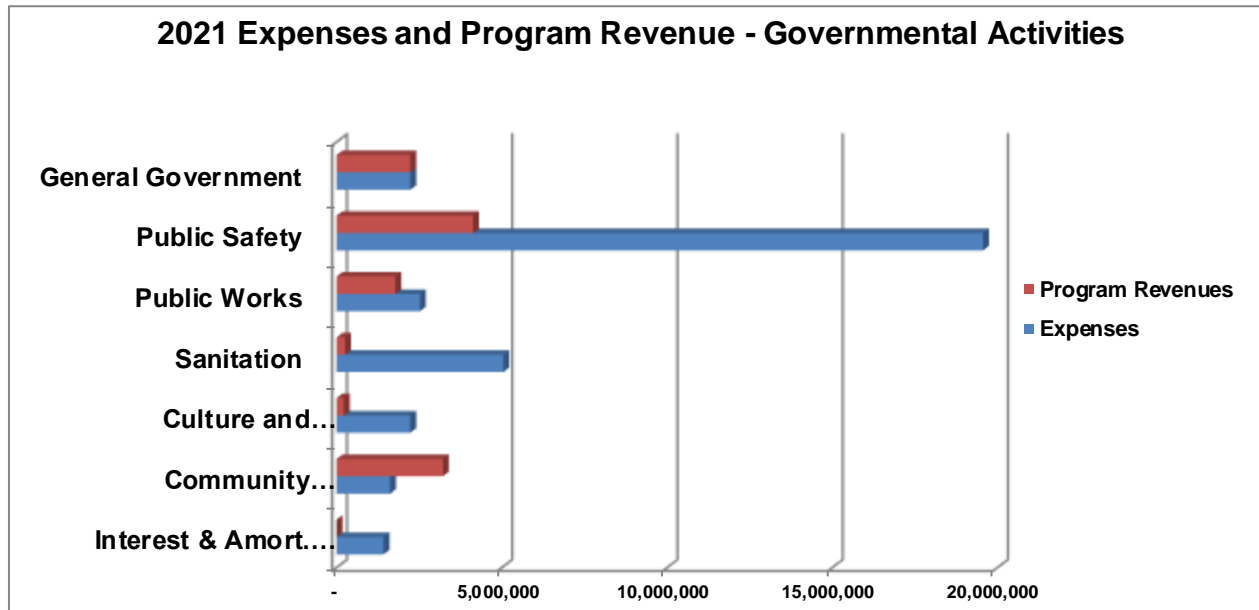
Overall, the Township's financial position has been improving, but challenges such as increased medical costs and pension contributions, rising costs associated with inflation and residential and commercial development and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the Township continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

The *Statement of Activities* provides detail that focuses on how the Township finances its services. The *Statement of Activities* compares the costs of the Township functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the Township's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.

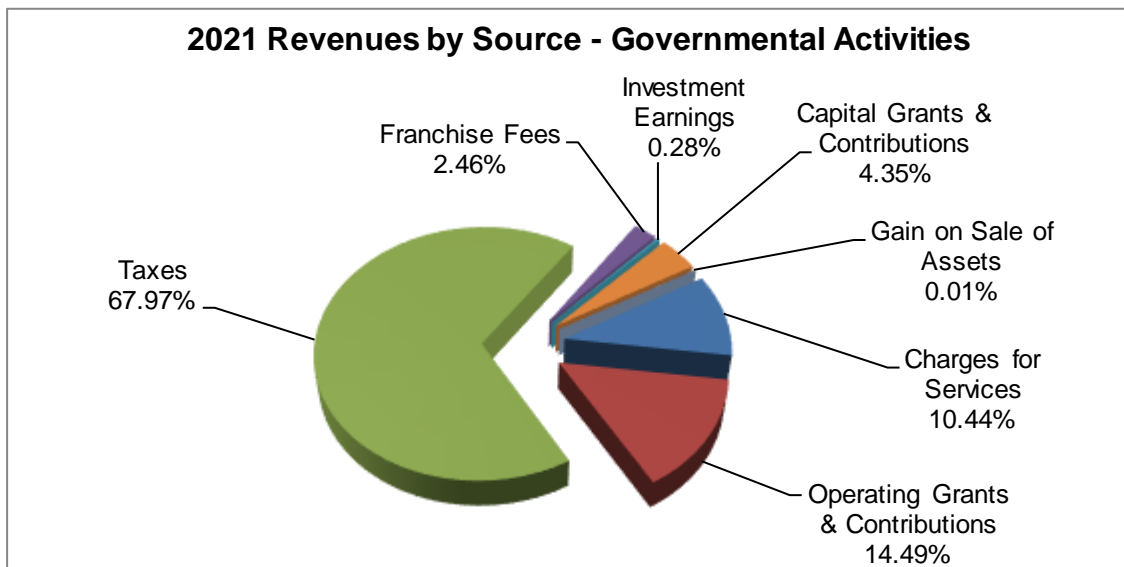
BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021



To the degree that the Township's functions or programs cost more than they raise, the Statement of Activities shows how the Township chose to finance the difference through general revenues. The following chart shows that the Township relies predominantly on tax revenues to finance its governmental activities. Two-thirds of the taxes are property based. These are limited by county dictated assessment rates and the almost fully built out nature of the Township.



GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of the Township's major funds. Some funds are required to be established by State statute while other funds are established by the Township to manage monies restricted for a specific purpose. As of December 31, 2021, the Township's governmental funds reported a combined fund balance of \$51,164,229 which is an increase of \$15,187,646 from the prior year. The following table summarizes the Township's total governmental fund balances as of December 31, 2021 and 2020 and the total 2021 change in governmental fund balances.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

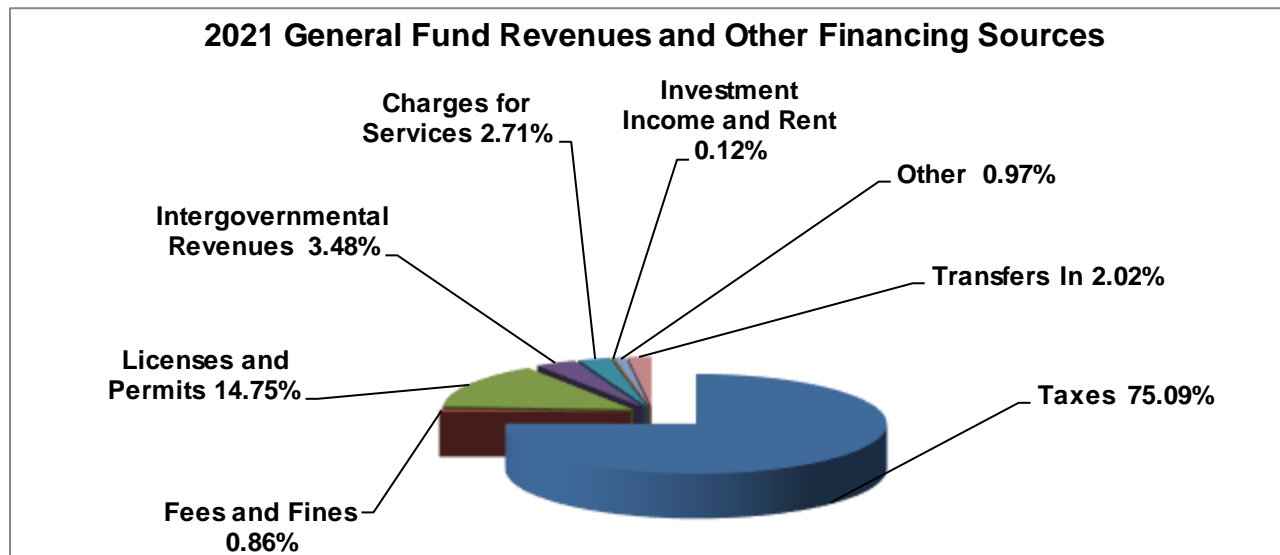
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>
General Fund	\$12,470,176	\$ 7,255,979	\$ 5,214,197
Capital Reserve Fund	20,548,729	9,219,422	11,329,307
Liquid Fuels Fund	4,782,483	4,387,438	395,045
Grant Fund	46,616	45,780	836
Refuse Fund	3,376,908	3,337,794	39,114
Debt Service Fund	7,339,596	9,281,983	(1,942,387)
Nonmajor Governmental Funds	<u>2,599,721</u>	<u>2,448,187</u>	<u>151,534</u>
	<u>\$51,164,229</u>	<u>\$35,976,583</u>	<u>\$15,187,646</u>

GENERAL FUND

The General Fund is the Township's primary operating fund. At the conclusion of the 2021 fiscal year the General Fund fund balance was \$12,470,176 representing an increase of \$5,214,197 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2021 fiscal year.

The Township's reliance upon tax revenues is demonstrated by the graph below that indicates 75.09% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$19,186,627	\$17,693,564	\$1,493,063	8.44
Fees and fines	219,955	184,822	35,133	19.01
Licenses and permits	3,766,995	3,107,717	659,278	21.21
Intergovernmental revenues	888,907	918,127	(29,220)	(3.18)
Charges for services	693,532	663,908	29,624	4.46
Investment income and rent	30,889	44,168	(13,279)	(30.06)
Other	248,385	223,750	24,635	11.01
Transfers in	<u>516,000</u>	<u>510,000</u>	<u>6,000</u>	<u>1.18</u>
	<u>\$25,551,290</u>	<u>\$23,346,056</u>	<u>\$2,205,234</u>	<u>9.45</u>

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

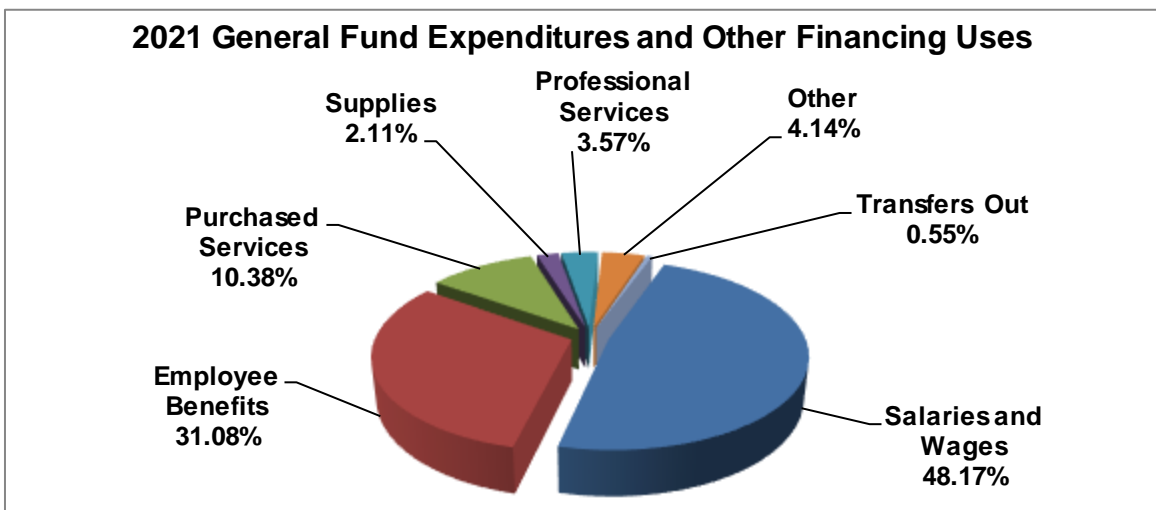
December 31, 2021

Taxes increased by \$1,493,063 or 8.44% primarily due to an increase in collections for real estate transfer, real estate taxes, and earned income taxes collected in 2021 compared to 2020. As is stated tax collection was generally up, with the sole exception being mechanical device taxes which dropped toward historical norms.

Licenses and permits increased by \$659,278 or 21.21% in 2021, mainly as a result of an increase in collections of various fees having to do with home improvements (building and plumbing). Also, a significant contributor was collections for rental property permits.

Investment income decreased commensurate with a decrease in interest rates.

As the graph below illustrates, the largest portion of General Fund expenditures is for salaries and benefits. The Township is a service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 9,796,995	\$ 9,362,210	\$ 434,785	4.64
Employee benefits	6,321,549	6,872,054	(550,505)	(8.01)
Purchased services	2,111,792	2,106,128	5,664	0.27
Supplies	428,213	231,237	196,976	85.18
Professional services	725,610	673,069	52,541	7.81
Other	841,800	906,000	(64,200)	(7.09)
Transfers out	<u>111,134</u>	<u>2,068,253</u>	<u>(1,957,119)</u>	<u>(94.63)</u>
	<u>\$20,337,093</u>	<u>\$22,218,951</u>	<u>\$(1,881,858)</u>	<u>(8.47)</u>

Salaries and wages increased by \$434,785 or 4.64% primarily as a result of contractually scheduled increases, an increase in police staffing, paid time off buyouts of a two department heads and some additional staffing for the fire marshal's office.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

Employee benefits decreased by \$550,505 or 8.01% as a result of below budgeted staffing in the police and public works departments. Increases in medical benefit costs associated with negotiated contracts have, for the moment, been brought under control because of aggressive pursuit of savings through negotiations between the Township management team with both the unions and the health insurance providers. There was also a modest decrease in the required minimum municipal obligation for the Township police pension plan as the market gains over the last few years justified a less aggressive funding approach. This significantly reduced the Township's obligation to fund the pension program. Also contributing to the reduction was fewer officer's retiring or entering the Deferred Retirement Option Plan (DROP) than the previous year and the Township continued management policies to keep workers compensation experience at a low level.

In 2021, transfers out represent the appropriation of annual General Fund excess revenues over expenditures to the Education Service Agency Fund. The significant reduction was the deferral of a transfer of funds to the debt fund to 2022.

CAPITAL RESERVE FUND

The Capital Reserve Fund accounts for financial resources committed to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment. The Capital Reserve Fund is primarily funded through the issuance of general obligation debt and transfers from the General Fund. During 2021, the Capital Reserve Fund fund balance increased by \$11,329,307 for a cumulative balance of \$20,548,729 as of December 31, 2021 which is committed for future capital purchases. The current year increase is related to the issuance of debt for planned capital projects.

LIQUID FUELS FUND

The Liquid Fuels Fund accounts for appropriations from the Commonwealth of Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal, and road related capital projects through the Public Works Department. During 2021, the Liquid Fuels Fund fund balance increased by \$395,045 for a cumulative fund balance of \$4,782,483 as of December 31, 2021 which is restricted for road improvement and maintenance expenditures.

GRANT FUND

The Grant Fund accounts for grant funds received from other governments and the expenditures related to those grants. During 2021, the Grant Fund fund balance increased by \$836 for a cumulative balance of \$46,616 as of December 31, 2021.

REFUSE FUND

The Refuse Fund accounts for expenditures related to the collections and disposal of refuse within the Township. The Refuse Fund is primarily funded through property taxes. During 2021, the Refuse Fund fund balance increased by \$39,114 for a cumulative balance of \$3,376,908 as of December 31, 2021 which is committed for future sanitation costs. The increase is due to a higher collection rate of sanitation fees and an increase in the appropriation for the Township's state recycling grant.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the Township's outstanding general obligation debt. Taxes are levied and transfers are made during the year from the General Fund to finance debt service payments as they become due. As of December 31, 2021, the Debt Service Fund reported a fund balance of \$7,339,596 which is a decrease of \$1,942,387 from the prior year. This was due to current year debt service maturities in excess of taxes and investment income.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

NONMAJOR GOVERNMENTAL FUNDS

The Nonmajor Governmental Funds consist of special revenue funds and capital projects funds. Special revenue funds are maintained to account for the proceeds of specific revenue sources that are to be expended for specified purposes. The nonmajor special revenue funds include the Fire Fund, the Rescue Fund, the Parks and Recreation Operating Fund, the DEA Fund, the Community Development Fund, the Home Partnership Fund, the Street Lights Fund, the Education Service Agency Fund and the Blighted Properties Fund. The nonmajor capital projects funds include the Parks and Recreation Capital Reserve and the Curb and Sidewalk Fund. Major revenue sources for these funds include taxes, intergovernmental revenues and charges for services. During 2021, the Nonmajor Governmental Funds fund balance increased by \$151,534 for a cumulative balance of \$2,599,721 as of December 31, 2021. More detailed information regarding the nonmajor governmental funds can be found in the combining and individual fund financial statements on pages 61 and 62.

GENERAL FUND BUDGET INFORMATION

The Township maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The Township budgets and expends funds according to procedures mandated by the 1st Class Township code of the Commonwealth of Pennsylvania. An annual operating budget is prepared by management and submitted to the Township Council for approval prior to the beginning of the fiscal year on January 1 each year. The most significant budgeted fund is the General Fund.

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on page 53. The Budgetary Comparison Schedule – General Fund shows the original budget, final budget and actual revenues, expenditures and other financing sources for the fiscal year. There were no differences between the original and final budgets.

General Fund revenues and other financing sources were \$3,297,690 or 14.82% more than budgeted amounts and General Fund expenditures and other financing uses were \$1,916,507 or 8.61% less than budgeted amounts resulting in a net positive variance of \$5,214,197.

Real estate transfer and earned income tax collections were \$1,119,288 and \$998,932, respectively, more than budgeted amounts, which is an indicator of an improving economy in the local community.

Expenditures were \$1,906,341 less than budgeted as employee benefits, general Township legal expenditures and contingency funds were much lower than anticipated.

BUSINESS-TYPE ACTIVITIES AND SEWER FUND

The business-type activities and Sewer Fund of the Township include its sewer operations. The Township provides for wastewater collection and treatment to most of the non-Levittown sections of the Township. The collection system consists of approximately 60 miles of sewers and 18 pumping stations. The wastewater treatment plant is located in Croydon and maintained by a third-party contractor. The Township Council establishes the rates charged to the users of the sewerage system. Charges for services represent the principal revenue source for the Township's business-type activities.

The net position of the Township's business-type activities and Sewer Fund decreased by \$17,043 during 2021. The net position of the business-type activities and Sewer Fund totaled \$11,047,570 as of December 31, 2021.

CAPITAL ASSETS

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounted to \$80,906,577, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, infrastructure, and machinery and equipment. The total net increase in the Township's investment in capital assets for 2021 was \$4,701,335 or 6.17%. The increase was the result of current year capital additions in excess of depreciation.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

Current year capital additions were \$8,079,656 and depreciation expense was \$3,378,321.

Major capital additions for the current fiscal year included the following:

Governmental activities:	
Paving projects	\$ 577,833
Curb ramp projects	\$ 559,663
JFK Park revitalization – construction in progress	\$1,075,640
Storm water projects – construction in progress	\$1,331,717
Traffic light projects	\$ 433,906
Business-type activities:	
Wastewater treatment plant project – construction in progress	\$1,353,674
Hydroscreen project	\$ 439,455
Lateral project	\$ 618,463

NONCURRENT LIABILITIES

As of December 31, 2021, the Township had total general obligation debt of \$71,457,950 consisting of \$51,174,890 in bonds and notes payable, \$20,162,110 in sewer bonds and notes payable and \$120,950 in bond premiums. The entire amount is backed by the full faith and credit of the Township. General obligation debt was primarily issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The total net increase in the Township's general obligation debt for the current fiscal year was \$15,931,136 or 28.69%.

During 2021, the Township issued General Obligation Notes, Series of 2021, in the amount of \$11,700,000, and General Obligation Notes, Series A of 2021, in the amount of \$7,500,000. The proceeds from the Series of 2021 Note will be used to finance future capital projects in the governmental funds and governmental activities and the Series A of 2021 Notes will be used to finance future capital projects in the sewer fund and business type activities.

The Township reports its defined benefit unfunded net pension liability (asset) and its liability for postemployment benefits on its Statement of Net Position (Deficit). The Township's unfunded net pension liability (asset) and net liability for post-employment benefits are actuarially determined liabilities totaled \$(4,170,178) and \$85,289,059 respectively, as of December 31, 2021. These liabilities increased by \$16,881,716 or 26.28% during the current year.

Other noncurrent liabilities consist of the Township's liability for compensated absences.

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

The Township Council and administration has adopted ordinances and policies aimed at creating jobs and expanding the tax base while removing barriers to investing in Bristol Township. These actions to stimulate economic development have had a direct impact on increasing revenues such as the earned income, real estate transfer, local services and mercantile taxes. However, the Township has lost some \$1,310,000 from neighboring municipalities enacting earned income tax ordinances. The Township is also, as all municipalities are, affected by the economy at large and the decided upturn in the economy has helped the Township in the fact they are collecting more earned income taxes (despite enactment s of earned income ordinances in other municipalities) and increased home values which equates to increased amounts from real estate transfer taxes. This being said Township governance is always looking for ways, through holding the line on taxes and streamlining processes, to encourage businesses to relocate to and ultimately prosper in Bristol Township.

Unemployment in Bristol Township always exceeds the county-wide unemployment rate (4.3% Township vs 3.6% County at December 2021). In addition, the median household income is also lower than the county-wide figure (\$65,384 Township vs \$89,139 County). For these reasons, economic factors tend to have a greater impact on Bristol Township than they do in surrounding communities.

BRISTOL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

The Township adopted a balanced 2022 General Fund budget totaling \$22,629,500 and the real estate tax millage rate remained unchanged at 23.98 mills.

Township employees are represented by three labor unions and a total of six collective bargaining agreements that establish labor costs for all but thirteen full-time employees. In particular, post-retirement healthcare and pension costs have become burdensome to maintain, although some progress has been made in the latest rounds of union negotiations. The Township has agreements with its collective bargaining units to provide wage and benefit levels that are financially responsible and sustainable. In December 2021, the Township approved a new four-year collective bargaining agreement with the police union, which significantly aids in the reduction of the unfunded post-retirement healthcare liabilities.

The Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.

Collection of the earned income tax is a good indicator of local economic conditions. For 2021, the Township's collection of this tax was \$7,648,932 an increase of \$713,586 or 10.29% from the prior year. While COVID-19 has apparently abated the continued fallout from federal fiscal and monetary policy that has created a persistent and pernicious inflation and the resulting remedies have created an impending recession of unknown duration and severity. This has the double impact of creating higher prices for goods and non-employee services but also effects tax collections to pay for those goods and services by creating potential unemployment as jobs and joblessness are generally lagging indicators of an economic downturn.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager, Bristol Township, 2501 Bath Road, Bristol, PA 19007.

BRISTOL TOWNSHIP

STATEMENT OF NET POSITION (DEFICIT)

December 31, 2021 with summarized comparative totals for 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 56,087,933	\$ 15,257,472	\$ 71,345,405	\$ 43,747,853
Restricted cash	208,929	137,826	346,755	319,197
Taxes receivable, net	2,950,549	-	2,950,549	2,676,168
Accounts receivable, net	1,485,548	1,305,503	2,791,051	2,736,827
Due from other governments	1,513,823	-	1,513,823	758,324
Prepaid expenses	109,180	-	109,180	7,087
Total current assets	62,355,962	16,700,801	79,056,763	50,245,456
NONCURRENT ASSETS				
Capital assets, net	64,127,532	16,779,045	80,906,577	76,205,242
Total assets	126,483,494	33,479,846	159,963,340	126,450,698
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	2,061,658	-	2,061,658	2,190,511
Deferred charges - OPEB	19,639,818	-	19,639,818	7,853,836
Deferred charges - pensions	4,272,240	-	4,272,240	51,763
Total deferred outflows of resources	25,973,716	-	25,973,716	10,096,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	2,347,454	1,977,027	4,324,481	1,545,231
Unearned revenue	7,737,792	115,447	7,853,239	1,326,300
Accrued expenses	349,554	-	349,554	101,095
Escheat liability	208,929	5,652	214,581	214,581
Escrow deposits	-	132,174	132,174	104,616
Accrued interest payable	85,595	-	85,595	95,889
Total current liabilities	10,729,324	2,230,300	12,959,624	3,387,712
NONCURRENT LIABILITIES				
Due within one year	2,676,677	678,187	3,354,864	3,263,864
Due in more than one year	132,959,215	19,523,789	152,483,004	119,686,718
Total noncurrent liabilities	135,635,892	20,201,976	155,837,868	122,950,582
Total liabilities	146,365,216	22,432,276	168,797,492	126,338,294
DEFERRED INFLOWS OF RESOURCES				
Deferred credits - OPEB	5,641,038	-	5,641,038	7,872,079
Deferred credits - pensions	10,156,481	-	10,156,481	6,786,793
Total deferred inflows of resources	15,797,519	-	15,797,519	14,658,872
NET POSITION (DEFICIT)				
Net investment in capital assets	30,381,894	5,994,673	36,376,567	33,369,484
Restricted	5,049,305	-	5,049,305	4,700,986
Unrestricted (deficit)	(45,136,724)	5,052,897	(40,083,827)	(42,520,828)
Total net position (deficit)	\$ (9,705,525)	\$ 11,047,570	\$ 1,342,045	\$ (4,450,358)

See accompanying notes

BRISTOL TOWNSHIP

STATEMENT OF ACTIVITIES

Year ended December 31, 2021 with summarized comparative totals for 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position (Deficit)</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
							<u>2021</u>	<u>2020</u>
GOVERNMENTAL ACTIVITIES								
General government	\$ 2,228,452	\$ 836,139	\$ 1,395,851	\$ -	\$ 3,538	\$ -	\$ 3,538	\$ (2,774,144)
Public safety	19,556,669	3,233,968	896,565	-	(15,426,136)	-	(15,426,136)	(13,154,981)
Public works	2,519,646	61,919	1,572,979	137,771	(746,977)	-	(746,977)	(1,800,853)
Sanitation	5,047,502	-	253,611	-	(4,793,891)	-	(4,793,891)	(4,761,788)
Culture and recreation	2,226,648	84,122	133,410	-	(2,009,116)	-	(2,009,116)	(432,395)
Community development	1,619,009	-	1,599,448	1,617,450	1,597,889	-	1,597,889	1,138,574
Interest and amortization expense related to noncurrent liabilities	1,418,738	-	-	-	(1,418,738)	-	(1,418,738)	(1,354,331)
Total governmental activities	<u>34,616,664</u>	<u>4,216,148</u>	<u>5,851,864</u>	<u>1,755,221</u>	<u>(22,793,431)</u>	<u>-</u>	<u>(22,793,431)</u>	<u>(23,139,918)</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	5,407,041	5,402,140	-	-	-	(4,901)	(4,901)	42,684
Total primary government	<u>\$ 40,023,705</u>	<u>\$ 9,618,288</u>	<u>\$ 5,851,864</u>	<u>\$ 1,755,221</u>	<u>(22,793,431)</u>	<u>(4,901)</u>	<u>(22,798,332)</u>	<u>(23,097,234)</u>
GENERAL REVENUES								
Taxes								
Real estate taxes					15,823,696	-	15,823,696	15,853,619
Real estate transfer taxes					2,419,288	-	2,419,288	1,735,994
Earned income taxes					7,648,932	-	7,648,932	6,935,346
Other taxes					1,563,455	-	1,563,455	1,503,996
Franchise fees					993,268	-	993,268	1,021,954
Investment earnings					113,338	22,858	136,196	478,207
Gain on the sale of capital assets					5,900	-	5,900	19,216
TRANSFERS					35,000	(35,000)	-	-
Total general revenues and transfers					<u>28,602,877</u>	<u>(12,142)</u>	<u>28,590,735</u>	<u>27,548,332</u>
CHANGE IN NET POSITION (DEFICIT)					5,809,446	(17,043)	5,792,403	4,451,098
NET POSITION (DEFICIT)								
Beginning of year					(15,514,971)	11,064,613	(4,450,358)	(8,901,456)
End of year					<u>\$ (9,705,525)</u>	<u>\$ 11,047,570</u>	<u>\$ 1,342,045</u>	<u>\$ (4,450,358)</u>

See accompanying notes

BRISTOL TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021 with summarized comparative totals for 2020

	Major Funds			
	General Fund	Capital Reserve Fund	Liquid Fuels Fund	Grant Fund
ASSETS				
Cash	\$ 9,868,159	\$ 20,682,091	\$ 4,841,846	\$ 7,212,967
Restricted cash	208,929	-	-	-
Taxes receivable, net	2,706,927	-	-	-
Accounts receivable, net	922,690	-	-	-
Due from other funds	201,284	274,911	15	-
Due from other governments	-	271,050	-	95,781
Prepaid items	109,180	-	-	-
Total assets	<u>\$ 14,017,169</u>	<u>\$ 21,228,052</u>	<u>\$ 4,841,861</u>	<u>\$ 7,308,748</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 261,404	\$ 487,559	\$ 59,378	\$ 700,056
Due to other funds	15	-	-	-
Unearned revenue	612,399	-	-	6,562,076
Accrued expenses	157,790	191,764	-	-
Escheat liability	208,929	-	-	-
Total liabilities	<u>1,240,537</u>	<u>679,323</u>	<u>59,378</u>	<u>7,262,132</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	306,456	-	-	-
FUND BALANCES				
Nonspendable				
Prepaid items	109,180	-	-	-
Restricted for				
Communications	-	-	-	46,616
Law enforcement	-	-	-	-
Road improvements and maintenance	-	-	4,782,483	-
Community development	-	-	-	-
Public safety	-	-	-	-
Committed for				
Capital projects	-	20,548,729	-	-
Sanitation	-	-	-	-
Parks and recreation	-	-	-	-
Street lights	-	-	-	-
Public safety	-	-	-	-
Debt service	-	-	-	-
Blighted properties	-	-	-	-
Unassigned	12,360,996	-	-	-
Total fund balances	<u>12,470,176</u>	<u>20,548,729</u>	<u>4,782,483</u>	<u>46,616</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,017,169</u>	<u>\$ 21,228,052</u>	<u>\$ 4,841,861</u>	<u>\$ 7,308,748</u>

See accompanying notes

<u>Refuse Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
\$ 3,787,616	\$ 7,338,596	\$ 2,356,658	\$ 56,087,933	\$ 34,047,000
-	-	-	208,929	208,929
128,309	42,527	72,786	2,950,549	2,676,168
486,635	-	76,223	1,485,548	1,525,076
-	-	-	476,210	498,386
-	-	1,146,992	1,513,823	758,324
-	-	-	109,180	7,087
<u>\$ 4,402,560</u>	<u>\$ 7,381,123</u>	<u>\$ 3,652,659</u>	<u>\$ 62,832,172</u>	<u>\$ 39,720,970</u>
\$ 410,708	\$ -	\$ 428,349	\$ 2,347,454	\$ 979,679
-	-	476,195	476,210	498,386
486,635	-	76,682	7,737,792	1,210,853
-	-	-	349,554	101,095
-	-	-	208,929	208,929
<u>897,343</u>	<u>-</u>	<u>981,226</u>	<u>11,119,939</u>	<u>2,998,942</u>
<u>128,309</u>	<u>41,527</u>	<u>71,712</u>	<u>548,004</u>	<u>745,445</u>
-	-	-	109,180	7,087
-	-	-	46,616	45,780
-	-	37,332	37,332	37,248
-	-	-	4,782,483	4,387,438
-	-	180,833	180,833	229,522
-	-	2,041	2,041	998
-	-	45,690	20,594,419	9,265,065
3,376,908	-	-	3,376,908	3,337,794
-	-	1,362,121	1,362,121	1,311,558
-	-	314,969	314,969	343,933
-	-	33,747	33,747	61,787
-	7,339,596	-	7,339,596	9,281,983
-	-	622,988	622,988	417,498
-	-	-	12,360,996	7,248,892
<u>3,376,908</u>	<u>7,339,596</u>	<u>2,599,721</u>	<u>51,164,229</u>	<u>35,976,583</u>
<u>\$ 4,402,560</u>	<u>\$ 7,381,123</u>	<u>\$ 3,652,659</u>	<u>\$ 62,832,172</u>	<u>\$ 39,720,970</u>

BRISTOL TOWNSHIP

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

December 31, 2021

TOTAL GOVERNMENTAL FUND BALANCES	\$ 51,164,229
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	64,127,532
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the governmental funds balance sheet.	2,061,658
Some of the Township's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources on the governmental funds balance sheet.	548,004
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	8,114,539
Accrued interest payable on long-term liabilities is included in the government-wide statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(85,595)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	<u>(135,635,892)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (9,705,525)</u>

See accompanying notes

BRISTOL TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds			
	General Fund	Capital Reserve Fund	Liquid Fuels Fund	Grant Fund
REVENUES				
Taxes	\$ 19,186,627	\$ -	\$ -	\$ -
Fees and fines	219,955	-	-	-
Licenses and permits	3,766,995	-	-	-
Intergovernmental revenues	888,907	1,617,450	1,497,053	1,483,907
Charges for services	693,532	-	-	-
Investment income and rent	30,889	31,675	9,590	-
Miscellaneous	248,385	914	-	-
Total revenues	<u>25,035,290</u>	<u>1,650,039</u>	<u>1,506,643</u>	<u>1,483,907</u>
EXPENDITURES				
Current				
General government	2,481,742	14,478	-	1,483,071
Public safety	15,125,065	336,224	-	-
Public works	1,777,352	1,362,517	1,111,598	-
Community development	-	-	-	-
Sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	841,800	68,500	-	-
Capital outlay	-	244,913	-	-
Total expenditures	<u>20,225,959</u>	<u>2,026,632</u>	<u>1,111,598</u>	<u>1,483,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,809,331</u>	<u>(376,593)</u>	<u>395,045</u>	<u>836</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	11,700,000	-	-
Payment of debt - refunding	-	-	-	-
Proceeds from sale of assets	-	5,900	-	-
Transfers in	516,000	-	-	-
Transfers out	(111,134)	-	-	-
Total other financing sources (uses)	<u>404,866</u>	<u>11,705,900</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,214,197	11,329,307	395,045	836
FUND BALANCES				
Beginning of year	<u>7,255,979</u>	<u>9,219,422</u>	<u>4,387,438</u>	<u>45,780</u>
End of year	<u>\$ 12,470,176</u>	<u>\$ 20,548,729</u>	<u>\$ 4,782,483</u>	<u>\$ 46,616</u>

See accompanying notes

<u>Refuse Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
\$ 5,284,719	\$ 1,028,128	\$ 1,964,477	\$ 27,463,951	\$ 25,825,737
-	-	-	219,955	184,822
-	-	-	3,766,995	3,107,717
248,904	-	1,835,160	7,571,381	4,640,730
-	-	167,217	860,749	773,762
10,504	20,394	6,039	109,091	362,546
-	4,246	408,833	662,378	1,563,572
<u>5,544,127</u>	<u>1,052,768</u>	<u>4,381,726</u>	<u>40,654,500</u>	<u>36,458,886</u>
-	1,500	-	3,980,791	2,850,984
-	-	1,562,908	17,024,197	16,689,202
-	-	672,820	4,924,287	6,517,911
-	-	1,636,674	1,636,674	282,702
5,055,013	-	-	5,055,013	4,968,873
-	-	437,924	437,924	572,111
-	2,993,655	-	3,903,955	3,867,215
-	-	-	244,913	12,790
<u>5,055,013</u>	<u>2,995,155</u>	<u>4,310,326</u>	<u>37,207,754</u>	<u>35,761,788</u>
<u>489,114</u>	<u>(1,942,387)</u>	<u>71,400</u>	<u>3,446,746</u>	<u>697,098</u>
-	-	-	11,700,000	6,153,000
-	-	-	-	(6,002,500)
-	-	-	5,900	19,216
-	-	111,134	627,134	2,998,253
<u>(450,000)</u>	<u>-</u>	<u>(31,000)</u>	<u>(592,134)</u>	<u>(2,963,253)</u>
<u>(450,000)</u>	<u>-</u>	<u>80,134</u>	<u>11,740,900</u>	<u>204,716</u>
39,114	(1,942,387)	151,534	15,187,646	901,814
<u>3,337,794</u>	<u>9,281,983</u>	<u>2,448,187</u>	<u>35,976,583</u>	<u>36,198,233</u>
<u>\$ 3,376,908</u>	<u>\$ 7,339,596</u>	<u>\$ 2,599,721</u>	<u>\$ 51,164,229</u>	<u>\$ 37,100,047</u>

BRISTOL TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended December 31, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 15,187,646
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	\$ 4,949,563	
Depreciation expense	<u>(2,826,790)</u>	2,122,773

Because some tax will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.

Deferred inflows of resources December 31, 2020	(745,445)	
Deferred inflows of resources December 31, 2021	<u>548,004</u>	(197,441)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(11,700,000)	
Repayment of bonds and notes payable	2,598,930	
Amortization of premiums and deferred amounts on debt refunding	<u>(124,006)</u>	(9,225,076)

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 the governmental funds.

Current year change in compensated absences	(74,846)	
Current year change in accrued interest payable	10,294	
Change in OPEB liability and related deferred inflows and outflows	(5,053,788)	
Change in net pension liability and related deferred inflows and outflows	<u>3,039,884</u>	<u>(2,078,456)</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		<u>\$ 5,809,446</u>
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See accompanying notes

BRISTOL TOWNSHIP

STATEMENT OF NET POSITION - PROPRIETARY FUND

December 31, 2021 with summarized comparative totals for 2020

	Sewer Fund	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 15,257,472	\$ 9,700,853
Restricted cash	137,826	110,268
Accounts receivable, net	1,305,503	1,211,751
Total current assets	<u>16,700,801</u>	<u>11,022,872</u>
NONCURRENT ASSETS		
Capital assets, net	<u>16,779,045</u>	<u>14,200,483</u>
Total assets	<u>33,479,846</u>	<u>25,223,355</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Current portion of sewer bonds and notes payable	678,187	663,587
Accounts payable	1,977,027	565,552
Unearned revenue	115,447	115,447
Escheat liability	5,652	5,652
Escrow deposits	132,174	104,616
Total current liabilities	<u>2,908,487</u>	<u>1,454,854</u>
NONCURRENT LIABILITIES		
Sewer bonds and notes payable, net of current portion	19,519,534	12,699,221
Compensated absences	4,255	4,667
Total noncurrent liabilities	<u>19,523,789</u>	<u>12,703,888</u>
Total liabilities	<u>22,432,276</u>	<u>14,158,742</u>
NET POSITION		
Net investment in capital assets	5,994,673	5,918,617
Unrestricted	<u>5,052,897</u>	<u>5,145,996</u>
Total net position	<u>\$ 11,047,570</u>	<u>\$ 11,064,613</u>

See accompanying notes

BRISTOL TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

Year ended December 31, 2021 with summarized comparative totals for 2020

	<u>Sewer Fund</u>	
	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for services	\$ 4,817,878	\$ 4,806,891
Penalties and interest	291,618	229,123
Other revenues	<u>292,644</u>	<u>122,164</u>
Total operating revenues	<u>5,402,140</u>	<u>5,158,178</u>
OPERATING EXPENSES		
Administrative	235,839	434,792
Cost of sales and services	4,283,254	3,753,482
Depreciation	<u>551,531</u>	<u>530,613</u>
Total operating expenses	<u>5,070,624</u>	<u>4,718,887</u>
Operating income	<u>331,516</u>	<u>439,291</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	22,858	115,663
Amortization of bond premiums	2,017	2,017
Interest expense	<u>(338,434)</u>	<u>(398,624)</u>
Total nonoperating revenues (expenses)	<u>(313,559)</u>	<u>(280,944)</u>
Income before transfers	17,957	158,347
TRANSFERS OUT	<u>(35,000)</u>	<u>(35,000)</u>
Change in net position	(17,043)	123,347
NET POSITION		
Beginning of year	<u>11,064,613</u>	<u>10,941,266</u>
End of year	<u>\$ 11,047,570</u>	<u>\$ 11,064,613</u>

See accompanying notes

BRISTOL TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended December 31, 2021 with summarized comparative totals for 2020

	<u>Sewer Fund</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,308,388	\$ 5,042,672
Cash paid to employees	(213,389)	(258,533)
Cash paid to suppliers	<u>(2,867,083)</u>	<u>(4,050,049)</u>
Net cash provided by operating activities	<u>2,227,916</u>	<u>734,090</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	<u>(35,000)</u>	<u>(35,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition, construction and improvements of capital assets	(3,130,093)	(998,005)
Bonds and notes payable principal repayments	(663,070)	(3,207,770)
Issuance of debt	7,500,000	2,637,000
Interest paid on bonds and notes payable	<u>(338,434)</u>	<u>(454,865)</u>
Net cash provided by (used for) capital and related financing activities	<u>3,368,403</u>	<u>(2,023,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	<u>22,858</u>	<u>115,663</u>
Net increase (decrease) in cash	5,584,177	(1,208,887)
CASH		
Beginning of year	<u>9,811,121</u>	<u>11,020,008</u>
End of year	<u>\$ 15,395,298</u>	<u>\$ 9,811,121</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income	\$ 331,516	\$ 439,291
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	551,531	530,613
(Increase) decrease in		
Accounts receivable, net	(93,752)	(167,327)
Due from other funds	-	21,260
Prepaid expenses and other assets	-	2,561
Increase (decrease) in		
Accounts payable	1,411,475	(129,126)
Compensated absences	(412)	(182)
Unearned revenue	-	28,000
Escrow deposits	<u>27,558</u>	<u>9,000</u>
Net cash provided by operating activities	<u>\$ 2,227,916</u>	<u>\$ 734,090</u>
CASH AND CASH EQUIVALENTS ARE REPORTED AS:		
Cash	\$ 15,257,472	\$ 9,700,853
Restricted cash	<u>137,826</u>	<u>110,268</u>
	<u>\$ 15,395,298</u>	<u>\$ 9,811,121</u>

See accompanying notes

BRISTOL TOWNSHIP

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2021 with summarized comparative totals for 2020

	<u>Escrow Fund</u>	<u>Police Pension Trust Fund</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
ASSETS				
Cash	\$ 2,846,407	\$ 1,494,696	\$ 4,341,103	\$ 2,414,182
Investments, restricted	-	70,462,298	70,462,298	64,563,425
Other receivables	-	35,643	35,643	939,750
Total assets	<u>2,846,407</u>	<u>71,992,637</u>	<u>74,839,044</u>	<u>67,917,357</u>
LIABILITIES				
Accounts payable	<u>66,161</u>	<u>17</u>	<u>66,178</u>	<u>6,410</u>
NET POSITION				
Restricted for				
Future development	2,780,246	-	2,780,246	1,041,026
Pension benefits	<u>-</u>	<u>71,992,620</u>	<u>71,992,620</u>	<u>66,869,921</u>
	<u>\$ 2,780,246</u>	<u>\$ 71,992,620</u>	<u>\$ 74,772,866</u>	<u>\$ 67,910,947</u>

See accompanying notes

BRISTOL TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	<u>Escrow Fund</u>	<u>Police Pension Fund</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
ADDITIONS				
Contributions				
Employer contributions	\$ -	\$ 705,117	\$ 705,117	\$ 705,644
Member contributions	-	292,815	292,815	303,989
Commonwealth contributions	-	681,214	681,214	718,880
Escrow deposits	<u>3,037,348</u>	<u>-</u>	<u>3,037,348</u>	<u>1,359,564</u>
Total contributions	<u>3,037,348</u>	<u>1,679,146</u>	<u>4,716,494</u>	<u>3,088,077</u>
Investment income (loss)				
Interest and dividends	-	4,981,592	4,981,592	5,826,903
Net increase (decrease) in fair value of investments	-	3,092,625	3,092,625	3,561,399
Less: investment expenses	<u>-</u>	<u>(117,156)</u>	<u>(117,156)</u>	<u>(103,079)</u>
Total investment income (loss)	<u>-</u>	<u>7,957,061</u>	<u>7,957,061</u>	<u>9,285,223</u>
Total additions	<u>3,037,348</u>	<u>9,636,207</u>	<u>12,673,555</u>	<u>12,373,300</u>
DEDUCTIONS				
Benefits paid and contributions refunded	-	4,499,008	4,499,008	3,608,404
Administrative expenses	-	14,500	14,500	6,800
Escrow payments	<u>1,298,128</u>	<u>-</u>	<u>1,298,128</u>	<u>1,630,525</u>
Total deductions	<u>1,298,128</u>	<u>4,513,508</u>	<u>5,811,636</u>	<u>5,245,729</u>
CHANGE IN NET POSITION	1,739,220	5,122,699	6,861,919	7,127,571
NET POSITION				
Beginning of year	<u>1,041,026</u>	<u>66,869,921</u>	<u>67,910,947</u>	<u>60,783,376</u>
End of year	<u>\$ 2,780,246</u>	<u>\$ 71,992,620</u>	<u>\$ 74,772,866</u>	<u>\$ 67,910,947</u>

See accompanying notes

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bristol Township (the "**Township**"), Bucks County, Pennsylvania, was established in 1692 and operates under the Home Rule Charter and Optional Plans Law as codified at Pa. C.S. Sub-Section 2901 et. seq. The residents of Bristol Township have elected to be governed pursuant to the Optional Plan of Government designated as the Council-Manager plan. This plan was adopted November 8, 2011 and consists of seven council members and a Township Manager. The Township provides the following services: general government; public safety – police, fire ambulance, codes and planning and zoning; public works – highways and street, sanitation and sewer; culture and recreation and community development.

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles ("**GAAP**") as applied to governmental units. The Governmental Accounting Standards Board ("**GASB**") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the Township's accountability. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are financial accountability and the nature and significance of the relationship. The Township is considered to be an independent reporting entity and has one blended component unit, the Police Pension Trust.

The Bristol Township Police Pension Fund is a single employer defined benefit pension plan that provides all full-time uniformed police officers of the Township retirement, disability and death benefits. Although the Bristol Township Police Pension fund is a separate legal entity it is reported as if is part of the Township as it is governed by the Township Council and the Township is responsible for funding the plan. The activities of the Police Pension Fund are blended as a fiduciary fund and does not issue separate financial statement.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the Township which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Township is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the Township and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Township. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Township reports the following major governmental funds:

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

The Capital Reserve Fund accounts for financial resources restricted, committed or assigned to be used for the acquisition, construction or capital facilities, improvements and/or equipment.

The Liquid Fuels Fund accounts for appropriations from the Commonwealth of Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal and road related capital projects

The Grant Fund accounts for grant funds received from other governments and the expenditures related to those grants

The Refuse Fund is used to account for the collection of fees and payment of expenses related to trash collection and recycling.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and other related costs.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

In addition, the Township reports the following nonmajor governmental funds:

Special Revenue Funds are used to account for the proceeds for specific revenue sources that are restricted or committed to expenditures for specified purposes.

Additional Capital Projects Funds are used to account for capital improvements for the Township's parks and recreation facilities and curb and sidewalk improvements.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township reports the following major proprietary fund:

The Sewer Fund is used to account for the operation of a sewage treatment plant and collection system.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Township's proprietary funds are charges for services. Operating expenses for the Township's proprietary funds include the cost of sales and service, administrative and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has a trust fund, consisting of a Police Pension Fund. Custodial funds held by the Township are used to account for assets held on behalf of individuals and/or other governmental units. The Township has one custodial fund consisting of an escrow fund.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Township. Unobservable inputs reflect the Township's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Township has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Township's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Taxes

Property taxes are levied on March 1 and are payable in the following periods:

March 1 – April 30	- Discount period, 2% of gross levy
May 1 – June 30	- Face period
June 30 to collection	- Penalty period, 10% of gross levy
December 31	- Lien date

The Bucks County Board of Assessments determines assessed valuations of property, and the Township's taxes are billed and collected by the Township. The tax on real estate for fiscal 2021 was 23.98 mills (\$23.98 for \$1,000 of assessed valuation), consisting of 16.58 mills for general purposes, 1.50 mills for capital projects, 0.90 mills for recreation purposes, 2.00 mills for fire protection, 2.45 mills for debt redemption and 0.55 mills for rescue squad. The Township experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year.

BRISTOL TOWNSHIP

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Other taxes levied in 2021 consisted of the following:

Real estate transfer tax	- 0.50% of gross sales price
Earned income tax	- 0.50% for general purposes
Local services tax	- \$1.00 per week [max of \$52.00 per year split between the Township (\$47.00) and Bristol Township School District (\$5.00)]
Per capita tax	- \$10.00 per year [split with Bristol Township School District]
Mercantile tax	- Wholesale .10% of gross receipts and retail .15% of gross receipts [split with Bristol Township School District]
Amusement tax	- 5% of gross receipts
Mechanical devices tax	- \$150 per year

Accounts Receivable

The Township's accounts receivable are reported at net realizable value. The Township's sewer and refuse operations experience very small losses from uncollectible accounts. Sewer and refuse fees constitute a lien against real property and usually can be collected in full when title transfers. Only balances after tax sales are written off each year. Accounts receivable are shown net of allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical trend information.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Township as assets with an initial individual cost of \$5,000 or more. Such assets are recorded at historical cost 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the Township is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 5-40 years, infrastructure – 40 years, land improvements – 5-20 years, sewer collection lines – 10-60, and furniture, machinery and equipment – 3-20 years.

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Impairment of Long-Lived Assets

The Township evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the Township. No impairment losses were recognized in the year ended December 31, 2021.

Compensated Absences

Township policies permit employees to accumulate earned but unused vacation, sick days and compensatory leave. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the Governmental Funds and Proprietary Fund financial statements only to the extent they have matured, for example, as a result of employee resignation and retirement.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds and notes payable are reported net of the applicable premium or discount. Premiums and discounts are deferred and amortized over the life of the bonds and notes payable. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The amount of debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing uses.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Township reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Township Council. Committed amounts cannot be used for any other purpose unless the Township Council removes those constraints by taking the same type of formal action (e.g., resolution).

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Assigned

Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Township Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the Township has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", is effective for the Township for the year ended December 31, 2021. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs include all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 had no impact on the Township's financial statements for the year ended December 31, 2021.

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GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", is effective for the Township for the year ended December 31, 2021. GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of LIBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 "*Accounting and Financial Reporting for Derivative Instruments*". The implementation of GASB Statement No. 93 had no impact on the Township's financial statements for the year ended December 31, 2021.

GASB Statement No. 95, "*Postponements of Effective Dates of Certain Authoritative Guidance*", is effective for the Township for the year ended December 31, 2021. GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the Borough postponed the implementation of GASB Statement No 87 until year ended December 31, 2022 as described below.

New Accounting Pronouncements

GASB Statement No. 87, "*Leases*" will be effective for the Township for the year ended December 31, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 91, "*Conduit Debt Obligations*" will be effective for the Township for the year ended December 31, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, "*Omnibus 2020*" will be effective for the Township for the year ended December 31, 2022. GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

BRISTOL TOWNSHP

NOTES TO FINANCIAL STATEMENTS

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GASB Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"* will be effective for the Township for the year ended December 31, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("**PPP**"s). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"* will be effective for the Township for the year ended December 31, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("**SBITA**"s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32"* will be effective for the Township for the year ended December 31, 2022. The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Township Manager provides a proposed budget to the Township Council no later than November 15th. Notice of a public meeting at which said budget will be considered by Township Council shall take place no later than November 30th for the succeeding fiscal year beginning January 1. At such public meeting, the public shall be afforded the opportunity to comment.

The Township is required to publish notice by advertisement at least once in one newspaper of general circulation in the Township, and within 20 days of final action prior to December 31, that the budget has been prepared and is available for public inspection at the Township offices.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The Township is legally required to maintain budgetary controls at the major function level. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at the level of budgetary control and include the effect of approved budget amendments.

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(3) DEPOSITS AND INVESTMENTS

State statutes authorize the Township to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

At December 31, 2021, the carrying amount of the Township's deposits was \$76,033,263 the bank balance was \$76,330,263. Of the bank balance, \$750,000 was covered by federal depository insurance and \$75,580,263 was collateralized by the Township's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds.

Investments

As of December 31, 2021, the Township's had the following pension trust investments:

<u>Description</u>	<u>Fair Value</u>	<u>Average Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Fixed income mutual funds	\$17,371,220	\$ -	\$17,371,220	\$ -
Equity mutual funds	50,494,875	50,494,875	-	-
Alternative mutual funds	1,295,168	1,295,168	-	-
Real estate investment trusts	<u>1,301,035</u>	<u>1,301,035</u>	<u>-</u>	<u>-</u>
	<u>\$70,462,298</u>	<u>\$53,091,078</u>	<u>\$17,371,220</u>	<u>\$ -</u>

Mutual funds were valued using Level 1 inputs while real estate investment trusts were valued using Level 3 inputs.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township does not have a formal policy related to custodial credit risk for investments. As of December 31, 2021, the real estate investment trusts are uninsured investment securities that are held by either the counterparty or the counterparty's trust department or agent but not in the Township's name and subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2021, the fixed income mutual funds are considered to be exposed to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Township limits its type of investments permitted as defined in the state statutes. The Township does not have a formal policy that addresses credit risk. The Township had not investments subject to credit risk as of December 31, 2021.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from the requirement. As of December 31, 2021, the Township had no investments subject to concentration of credit risk.

(4) CAPITAL ASSETS

The Township's capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2021</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 4,266,413	\$ 199,202	\$ -	\$ 4,465,615
Intangibles	448,809	-	-	448,809
Construction in progress	<u>958,986</u>	<u>3,769,928</u>	<u>1,241,582</u>	<u>3,487,332</u>
Total capital assets not being depreciated	<u>5,674,208</u>	<u>3,969,130</u>	<u>1,241,582</u>	<u>8,401,756</u>
Capital assets being depreciated				
Improvements	8,587,466	73,656	-	8,661,122
Infrastructure	95,015,614	1,920,352	-	96,935,966
Buildings	3,783,139	-	-	3,783,139
Furniture, machinery and equipment	<u>10,227,520</u>	<u>228,007</u>	<u>-</u>	<u>10,455,527</u>
Total capital assets being depreciated	<u>117,613,739</u>	<u>2,222,015</u>	<u>-</u>	<u>119,835,754</u>
Less accumulated depreciation for				
Improvements	(2,048,603)	(258,824)	-	(2,307,427)
Infrastructure	(48,790,451)	(1,799,786)	-	(50,590,237)
Buildings	(3,409,785)	(40,521)	-	(3,450,306)
Furniture, machinery and equipment	<u>(7,034,349)</u>	<u>(727,659)</u>	<u>-</u>	<u>(7,762,008)</u>
Total accumulated depreciation	<u>(61,283,188)</u>	<u>(2,826,790)</u>	<u>-</u>	<u>(64,109,978)</u>
Total capital assets being depreciated, net	<u>56,330,551</u>	<u>(604,775)</u>	<u>-</u>	<u>55,725,776</u>
Governmental activities, net	<u>\$ 62,004,759</u>	<u>\$ 3,364,355</u>	<u>\$ 1,241,582</u>	<u>\$ 64,127,532</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 140,000	\$ -	\$ -	\$ 140,000
Construction in progress	<u>1,118,592</u>	<u>3,130,093</u>	<u>1,943,777</u>	<u>2,304,908</u>
Total capital assets not being depreciated	<u>1,258,592</u>	<u>3,130,093</u>	<u>1,943,777</u>	<u>2,444,908</u>
Capital assets being depreciated				
Building	10,843,681	-	-	10,843,681
Tanks	1,964,174	-	-	1,964,174
Pump stations	4,126,954	441,482	-	4,568,436
Land improvements	10,570	-	-	10,570
Office equipment	101,439	-	-	101,439
Vehicles	338,380	-	-	338,380
Machinery and equipment	4,418,526	673,210	-	5,091,736
Collection system	<u>6,595,721</u>	<u>829,085</u>	<u>-</u>	<u>7,424,806</u>
Total capital assets being depreciated	<u>28,399,445</u>	<u>1,943,777</u>	<u>-</u>	<u>30,343,222</u>

BRISTOL TOWNSHIP

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Less accumulated depreciation for				
Building	(2,781,868)	(238,868)	-	(3,020,736)
Tanks	(1,753,451)	(33,735)	-	(1,787,186)
Pump stations	(1,406,571)	(131,744)	-	(1,538,315)
Land improvements	(8,271)	(230)	-	(8,501)
Office equipment	(101,439)	-	-	(101,439)
Vehicles	(328,384)	(9,996)	-	(338,380)
Machinery and equipment	(3,779,601)	(78,310)	-	(3,857,911)
Collection system	<u>(5,297,969)</u>	<u>(58,648)</u>	-	<u>(5,356,617)</u>
Total accumulated depreciation	<u>(15,457,554)</u>	<u>(551,531)</u>	-	<u>(16,009,085)</u>
Total capital assets being depreciated, net	<u>12,941,891</u>	<u>1,392,246</u>	-	<u>14,334,137</u>
Business-type activities, net	<u>\$ 14,200,483</u>	<u>\$ 4,522,339</u>	<u>\$ 1,943,777</u>	<u>\$ 16,779,045</u>

As of December 31, 2021, the Township had outstanding construction commitments totaling \$12,834,472 related to the upgrading of the Township wastewater treatment plant.

Depreciation expense for was charged to functions/programs of the Township as follows:

Governmental activities		
General government		\$ 258,370
Public safety		438,590
Public works		1,877,342
Culture and recreation		<u>252,488</u>
Total depreciation expense - governmental activities		<u>\$2,826,790</u>
Business-type activities		
Sewer		<u>\$ 551,531</u>

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$201,284	Nonmajor Governmental Fund	\$201,284
Capital Projects Fund	274,911	Nonmajor Governmental Fund	274,911
Liquid Fuels Fund	<u>15</u>	General Fund	<u>15</u>
	<u>\$476,210</u>		<u>\$476,210</u>

Interfund balances between funds represent temporary loans recorded to cover various expenses. The balances are generally repaid shortly after year-end.

A summary of interfund transfers for the year ended December 31, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	\$450,000	Refuse Fund	\$450,000
General Fund	35,000	Sewer Fund	35,000
General Fund	31,000	Nonmajor Governmental Fund	31,000
Nonmajor Governmental Fund	<u>111,134</u>	General Fund	<u>111,134</u>
	<u>\$627,134</u>		<u>\$627,134</u>

BRISTOL TOWNSHIP

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Interfund transfers from the Refuse Fund, Sewer Fund, and Nonmajor Governmental Fund to the General Fund represent the reimbursement of costs incurred by the General Fund on behalf the Refuse Fund, Sewer Fund, Street Lights Fund, and Blighted Properties Fund. Transfers from the General Fund to the Nonmajor Governmental Fund represent transfers to subsidize the operations of the Education Service Agency Fund.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in the Township's noncurrent liabilities for the year ended December 31, 2021:

	<u>Balance January 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2021</u>	<u>Amount Due Within One Year</u>
Governmental activities					
General obligation debt					
Bonds and notes payable	\$ 42,073,820	\$ 11,700,000	\$ 2,598,930	\$ 51,174,890	\$ 2,671,830
Bond premiums	<u>90,186</u>	<u>-</u>	<u>4,847</u>	<u>85,339</u>	<u>4,847</u>
Total general obligation debt	42,164,006	11,700,000	2,603,777	51,260,229	2,676,677
Other noncurrent liabilities					
Compensated absences	3,181,936	74,846	-	3,256,782	-
OPEB liability	66,218,248	20,871,141	1,800,330	85,289,059	-
Net pension liability (asset)	<u>(1,981,083)</u>	<u>11,913,536</u>	<u>14,102,631</u>	<u>(4,170,178)</u>	<u>-</u>
Total other noncurrent liabilities	<u>67,419,101</u>	<u>32,859,523</u>	<u>15,902,961</u>	<u>84,375,663</u>	<u>-</u>
Total noncurrent liabilities governmental activities	<u>\$ 109,583,107</u>	<u>\$ 44,559,523</u>	<u>\$ 18,506,738</u>	<u>\$ 135,635,892</u>	<u>\$ 2,676,677</u>
Business-type activities					
General obligation debt:					
Sewer revenue bonds and notes payable	\$ 13,325,180	\$ 7,500,000	\$ 663,070	\$ 20,162,110	\$ 676,170
Bond premiums	<u>37,628</u>	<u>-</u>	<u>2,017</u>	<u>35,611</u>	<u>2,017</u>
Total general obligation debt	13,362,808	7,500,000	665,087	20,197,721	678,187
Other noncurrent liabilities					
Compensated absences	<u>4,667</u>	<u>-</u>	<u>412</u>	<u>4,255</u>	<u>-</u>
Total noncurrent liabilities business-type activities	<u>\$ 13,367,475</u>	<u>\$ 7,500,000</u>	<u>\$ 665,499</u>	<u>\$ 20,201,976</u>	<u>\$ 678,187</u>

(7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the Township for which full faith and credit are pledged and are payable from local sources. The Township has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of December 31, 2021 consisted of the following:

Governmental Activities

On August 25, 2021, the Township issued General Obligation Notes, Series of 2021, (the "**Series 2021 Notes**") in the amount of \$11,700,000 to the Delaware Valley Regional Finance Authority ("**DVRFA**"). Interest is payable monthly at a rate of 1.677%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from August, 2022 through August, 2041 and is secured by the guaranty of the Township. The proceeds will be used for the purpose of financing capital projects. The amount outstanding under the Series 2021 Notes was \$11,700,000 at December 31, 2021.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

On September 15, 2020, the Township issued General Obligation Notes, Series of 2020, (the "**Series 2020 Notes**") in the amount of \$8,790,000 to the DVRFA. Interest is payable monthly at a rate of 1.836%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from August 2021 through August 2040 and is secured by the guaranty of the Township. The proceeds were used for the purpose of refunding of the Series 2015 Bonds. The amount outstanding under the Series 2020 Notes was \$8,424,000 at December 31, 2021, of which \$5,896,800 pertains to governmental activities.

On December 20, 2018, the Township issued General Obligation Notes, Series of 2018A, (the "**Series 2018A Notes**") in the amount of \$6,935,000 to the DVRFA. Interest is payable monthly at a rate of 3.094%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from November 2020 through November 2033 and is secured by the guaranty of the Township. The proceeds were used for the purpose of refunding of the Series 2014B Bonds. The amount outstanding under the Series 2018A Notes was \$6,933,000 at December 31, 2021, of which \$5,061,090 pertains to governmental activities.

On December 20, 2018, the Township issued General Obligation Notes, Series of 2018, (the "**Series 2018 Notes**") in the amount of \$5,000,000 to the DVRFA. Interest is payable monthly at a rate of 3.260%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from November 2019 through November 2038 and is secured by the guaranty of the Township. The proceeds will be used for the purpose of implementing various capital projects. The amount outstanding under the Series 2018 Notes was \$4,925,000 at December 31, 2021.

On September 25, 2017, the Township issued General Obligation Notes, Series of 2017, (the "**Series 2017 Notes**") in the amount of \$10,000,000 to DVRFA. Interest is payable monthly at a rate of 2.387%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from September 2018 through September 2037 and is secured by the guaranty of the Township. The proceeds were used for the purpose of implementing various capital projects. The amount outstanding under the Series 2017 Notes was \$8,379,000 at December 31, 2021.

On October 15, 2014, the Township issued General Obligation Notes, Series of 2014, (the "**Series 2014 Notes**") in the amount of \$3,000,000 to DVRFA. Interest is payable monthly at a rate of 2.651%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from September 2015 through September 2029. The proceeds were used for the purpose of implementing various capital projects including upgrades to the Township's road and facilities and stormwater drainage projects. The amount outstanding under the Series 2014 Notes was \$1,743,000 at December 31, 2021.

On June 4, 2014, the Township issued General Obligation Bonds, Series A of 2014, (the "**Series 2014A Bonds**") in the amount of \$13,685,000. Interest is payable semiannually in March and September at rates that range from 0.649% to 4.329%. Principal payments are due annually in varying amounts from September 2015 through September 2030 and is secured by the guaranty of the Township. The proceeds were used for the purpose of refunding of the General Obligation Bonds, Series of 2010 and Series of 2008. The amount outstanding under the Series 2014A Bonds was \$7,455,000 at December 31, 2021.

On April 25, 2013, the Township issued General Obligation Notes, Series A of 2013, (the "**Series 2013A Notes**") in the amount of \$6,000,000 to DVRFA. Interest is payable monthly through April 2033 with an interest rate of 2.411%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from April 2014 through April 2033 and is secured by the guaranty of the Township. The proceeds were used for the purpose of road construction and resurfacing, stormwater drainage projects and improvements to the municipal building. The amount outstanding under the Series 2013A Notes was \$3,939,000 at December 31, 2021.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

On October 25, 2013, the Township issued General Obligation Notes, Series C of 2013, (the "**Series 2013C Notes**") in the amount of \$4,000,000 to DVRFA. Interest is payable monthly at a rate of 2.647%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from October 2014 through October 2028 and is secured by the guaranty of the Township. The proceeds were used for the purpose of road construction and resurfacing and stormwater drainage projects. The amount outstanding under the Series 2013C Notes was \$2,076,000 at December 31, 2021.

Annual debt service requirements under the governmental activities general obligation debt is as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2022	\$ 2,671,830	\$ 1,513,789	\$ 4,185,619
2023	2,743,730	1,434,379	4,178,109
2024	2,825,630	1,350,007	4,175,637
2025	2,725,200	1,260,842	3,986,042
2026	2,811,130	1,173,515	3,984,645
2027-2031	15,273,160	4,430,686	19,703,846
2032-2036	13,766,210	2,195,739	15,961,949
2037-2041	<u>8,358,000</u>	<u>558,570</u>	<u>8,916,570</u>
	<u>\$51,174,890</u>	<u>\$13,917,527</u>	<u>\$65,092,417</u>

Business-Type Activities

On December 20, 2021, the Township issued General Obligation Notes, Series A of 2021, (the "**Series 2021A Notes**") in the amount of \$7,500,000 to the Delaware Valley Regional Finance Authority ("**DVRFA**"). Interest is payable monthly at a rate of 1.906%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from December 2022 through December 2041 and is secured by the guaranty of the Township. The proceeds were used for the purpose of financing capital projects. The amount outstanding under the Series 2020 Notes was \$7,500,000 at December 31, 2021.

On September 15, 2020, the Township issued General Obligation Notes, Series of 2020, (the "**Series 2020 Notes**") in the amount of \$8,790,000 to the DVRFA. Interest is payable monthly at a rate of 1.836%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from August 2021 through August 2040 and is secured by the guaranty of the Township. The proceeds will be used for the purpose of financing capital projects. The amount outstanding under the Series 2020 Notes was \$8,424,000 at December 31, 2021, of which \$2,527,200 pertains to business-type activities.

On October 1, 2019, the Township issued Guaranteed General Obligation Guaranteed Revenue Notes, Series of 2019, (the "**Series 2019 Revenue Notes**") in the amount of \$5,505,000 to DVRFA. Interest is payable monthly at a rate of 1.573%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from September 2010 through September 2032 and is secured by the assignment and pledge of the operation revenues of the sewer operations. The proceeds were used for the purpose of refunding of the Series of 2010 Revenue Notes. The amount outstanding under the Series 2019 Revenue Notes was \$4,719,000 at December 31, 2021.

On December 20, 2018, the Township issued General Obligation Notes, Series of 2018A, (the "**Series 2018A Notes**") in the amount of \$6,935,000 to DVRFA. Interest is payable monthly at a rate of 3.094%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from November 2020 through November 2033 and is secured by the assignment and pledge of the operation revenues of the sewer operations. The proceeds were used for the purpose of refunding of the Series 2014B Bonds. The amount outstanding under the Series 2018A Notes was \$6,933,000 at December 31, 2021, of which \$1,871,910 pertains to business-type activities.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

On December 20, 2018, the Township issued Guaranteed Revenue Notes, Series of 2018, (the "**Series 2018 Revenue Notes**") in the amount of \$4,000,000 to DVFRA. Interest is payable monthly at a rate of 3.141%, pursuant to the Interest Rate Management Plan described below. Principal payments are due annually in varying amounts from November 2019 through November 2038 and is secured by the assignment and pledge of the operation revenues of the sewer operations. The proceeds were used for the purpose of expanding and improving the wastewater treatment plant and collection system. The amount outstanding under the Series 2018 Revenue Notes was \$3,544,000 at December 31, 2021.

Annual debt service requirements under the business-type activities general obligation debt is as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 676,170	\$ 524,710	\$ 1,200,880
2023	689,270	507,209	1,196,479
2024	704,370	491,214	1,195,584
2025	900,800	474,649	1,375,449
2026	920,870	451,996	1,372,866
2027-2031	5,024,840	1,884,668	6,909,508
2032-2036	5,600,790	1,169,512	6,770,302
2037-2040	<u>5,645,000</u>	<u>382,465</u>	<u>6,027,465</u>
	<u>\$20,162,110</u>	<u>\$5,886,423</u>	<u>\$26,048,533</u>

Interest Rate Management Plan

The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units ("**participants**") for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the Township, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans.

In order to provide this option to the participants, DVRFA has entered into an interest rate swap agreement with a financial institution. In the event that the swap agreement between DVRFA and the financial institution is terminated, the value of the swap to DVRFA at the time of termination is a liability and insufficient funds are available to pay the liability, the participants are required to pay their proportionate share of the liability. The values of the swap agreements relative to the notes identified above at December 31, 2021 was an asset of \$4,690,087, in aggregate. The values of the swap agreements relative to these Notes are not reflected on the Township's statement of net position (deficit).

(8) POST EMPLOYMENT RETIREMENT PLAN

The Bristol Township Health and Welfare Plan (the "**OPEB Plan**") is a contributory, single-employer postretirement benefits plan for eligible employees of the Township. The OPEB Plan provides postretirement medical benefits upon retirement or disability to plan members and their beneficiaries, pursuant to Township ordinances and the collective bargaining agreement between the Township and the Bristol Township Police Benevolent Association. The OPEB Plan can be amended by the Township through its ordinances and collective bargaining agreements. The OPEB Plan is administered by a plan administrator appointed by the Township Council. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

Plan Membership

Membership in the OPEB Plan consisted of the following at January 1, 2020:

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Active participants	107
Vested former participants	-
Retired participants	<u>97</u>
Total	<u>204</u>

Funding Policy

The contribution requirements of the Township are established and may be amended by the establishment of a new collective bargaining agreement between the Township and the Bristol Township Police Benevolent Association. The OPEB Plan does not require any contributions from plan members. The Township funds the plan on a pay-as-you-go basis. For 2021, the Township contributed \$1,837,273 to the OPEB Plan for current premiums.

OPEB Liability

The Township's OPEB liability has been measured as of December 31, 2021. The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, and by rolling forward the liabilities from the January 1, 2020 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is \$85,289,059, all of which is unfunded.

The Township's change in total OPEB liability for the year ended December 31, 2021 was as follows:

Balances as of December 31, 2020	<u>\$66,218,248</u>
Changes for the year:	
Service cost	1,383,464
Interest on total OPEB liability	2,172,023
Differences between expected and actual experience	-
Changes of assumptions	17,315,654
Benefit payments	<u>(1,800,330)</u>
Net changes	<u>19,070,811</u>
Balances as of December 31, 2021	<u>\$85,289,059</u>

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability for December 31, 2021, calculated using current healthcare cost trends as well as what the OPEB liability would be if healthcare cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$70,555,621</u>	<u>\$85,289,059</u>	<u>\$104,425,089</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Township calculated using the discount rate 1.93%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (0.93%) or 1 percentage point higher (2.93%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>0.93%</u>	<u>1.93%</u>	<u>2.93%</u>
OPEB liability	<u>\$102,879,446</u>	<u>\$85,289,059</u>	<u>\$71,747,237</u>

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Township recognized OPEB expense of \$6,891,061. At December 31, 2021, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$17,802,545	\$2,104,168
Differences between expected and actual experience	-	3,536,870
Benefit payments subsequent to measurement date	<u>1,837,273</u>	<u>-</u>
	<u>\$19,639,818</u>	<u>\$5,641,038</u>

An amount of \$1,837,273 reported as deferred outflows of resources related to OPEB resulting from the Township's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,

2022	\$ 3,335,572
2023	2,155,360
2023	3,207,445
2025	<u>3,463,130</u>
	<u>\$12,161,507</u>

Actuarial Methods and Significant Assumptions

The OPEB liability as of December 31, 2021, was determined by rolling forward the OPEB Liability as of January 1, 2020 to December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 1.93% – Standard and Poors 20 year municipal bond rate. The discount rate changed from 3.26% to 1.93%.
- Salary growth – 6.00% per year
- Assumed healthcare cost trends – 5.50% in 2020 through 2023. Rates gradually decrease from 5.40% in 2024 to 4.00% in 2075 and later based on the society of actuaries long-run medical cost trend model.
- Mortality rates were based on the RP-2000 blue collar mortality table.

(9) EMPLOYEE RETIREMENT PLANS

Police Pension Fund

The Bristol Township Police Pension Fund accounts for a contributory, single-employer defined benefit pension plan (the "**Police Pension Plan**") that covers all full-time uniformed police officers of the Township. The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries under Ordinance 2005-02, pursuant to Act 600 of 1956, as amended.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Plan Membership

Membership in the Police Pension Plan consisted of the following at December 31, 2021:

Active employees	51
Retirees and beneficiaries currently receiving benefits	80
Terminated plan members entitled to but not yet receiving benefits	<u>6</u>
Total	<u>137</u>

Benefit Provisions

The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Members are eligible for normal retirement after attainment of age 53 and 25 years of service or age 60 and 20 years of service and early retirement after 20 years of service. If hired before January 1, 1998, are eligible for normal retirement after attainment of age 50 and 25 years. Normal retirement benefits are calculated as 50% of average compensation during the last 36 months of employment plus a service increment of \$20 per month for each completed year of benefit service in excess of 25 years, up to a maximum service increment of \$100 per month.

If a member is totally and permanently disabled in the line of duty, they are eligible for disability payments equal to 100% of their salary at the time of disability offset by the member's social security income. If hired after January 1, 2013, a member is eligible for 75% of their final salary.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse or eligible dependent child, equal to 50% of the normal monthly retirement benefit. Upon the death of a member pre-retirement, vested contributions will be refunded with interest or 50% of vested benefit payable beginning at the member's superannuation retirement date.

Members who begin retirement benefits on or after January 1, 1991 may be provided a cost of living adjustment. In no such case shall the benefit exceed 75% of salary and the total adjustment shall not exceed 30%. For members hired after January 1, 1998, the adjustment shall not exceed 15%.

Basis of Accounting

The Police Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Police Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Police Pension Plan are based upon the minimum municipal obligation (the "MMO"). The MMO is derived from the Police Pension Plan's biennial actuarial valuation. Members in the Police Pension Plan are required to contribute 5.00% of total compensation. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2021 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.50% percent investment rate of return (net of administrative costs) and (b) 2.25% inflation and 6.00% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar over 14 years.

Discount Rate

The discount rate used to measure the total pension liability is 7.50%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on Police Pension Plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on Police Pension Plan investments, net of pension plan investment expenses not funded through the MMO was 11.90%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

The Police Pension Plan investment policy in regard to allocation of invested assets is established and may be amended by the Township Council and Pension Board. The objective investment strategy is to reduce risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

A schedule of Police Pension Plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equity	42.00%	5.10%
International Equity	16.00%	4.80%
Emerging Equity	7.00%	5.20%
Core Fixed Income	15.00%	1.40%
Intermediate Inv. Grade Corp.	7.50%	1.40%
High Yield	3.75%	2.50%
Emerging Debt	3.75%	2.40%
Cash	<u>5.00%</u>	<u>-0.30%</u>
Total Portfolio	<u>100.00%</u>	<u>6.26%</u>

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2021. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2021, and by rolling forward the liabilities from the January 1, 2021 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net pension asset is \$3,253,923 measured as the difference between the total pension liability of \$68,738,697 and the fiduciary net position of \$71,992,620.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

The Township's change in total pension liability, plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2021 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
Balances as of December 31, 2020	<u>\$65,410,004</u>	<u>\$66,869,921</u>	<u>\$(1,459,917)</u>
Changes for the year:			
Service cost	925,445	-	925,445
Interest on total pension liability	4,952,664	-	4,952,664
Differences between expected and actual experience	(3,343,408)	-	(3,343,408)
Changes of Assumptions	5,293,000	-	5,293,000
Employer contributions	-	705,117	(705,117)
State contributions	-	681,214	(681,214)
Member contributions	-	292,815	(292,815)
Net investment income	-	7,957,061	(7,957,061)
Benefit payments	(4,499,008)	(4,499,008)	-
Administrative expense	-	(14,500)	14,500
Net changes	<u>3,328,693</u>	<u>5,122,699</u>	<u>(1,794,006)</u>
Balances as of December 31, 2021	<u>\$68,738,697</u>	<u>\$71,992,620</u>	<u>\$(3,253,923)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Township calculated using the discount rate 7.50%, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is one percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
Net pension liability (asset)	<u>\$4,291,037</u>	<u>\$(3,253,923)</u>	<u>\$(9,609,955)</u>

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

For the year ended December 31, 2021, the Township recognized negative pension expense of \$1,413,036. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$2,762,205
Changes in assumptions	4,178,684	-
Net difference between projected and actual earnings on pension plan investments	-	6,492,749
	<u>\$4,178,684</u>	<u>\$9,254,954</u>

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

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Year ended December 31,

2022	\$(1,105,378)
2023	(2,532,615)
2024	(1,131,285)
2025	<u>(306,992)</u>
	<u>\$(5,076,270)</u>

Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program ("**DROP**") for a period of no more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. As of December 31, 2021, there were 5 members participating in the DROP with a total DROP account balance of \$659,648.

Actuarial Methods and Significant Assumptions

- Investment return – 7.50% (net of pension plan expense, including inflation)
- Discount rate – 7.50%
- Inflation – 2.25%
- Salary increases – 6.00% per year
- Mortality rates – PUBS-2010 mortality projected 5 years past the valuation date using scale MP-2020

Nonuniform Pension

Bristol Township has a contributory, single-employer defined benefit pension plan (the "**Nonuniform Pension Plan**") that covers all full-time non-uniformed employees of the Township. The Nonuniform Pension Plan participates in the Pennsylvania Municipal Retirement System ("**PMRS**"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website at <http://www.pmr.state.pa.us>.

Plan Membership

Membership in the Nonuniform Pension Plan consisted of the following at December 31, 2020:

Active employees	41
Retirees and beneficiaries currently receiving benefits	29
Terminated plan members entitled to but not yet receiving benefits	<u>8</u>
Total	<u>78</u>

Benefit Provisions

The Nonuniform Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Nonuniform Pension Plan.

Method Used to Value Investments

Investments in the Nonuniform Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Contributions

Required annual employer contributions in the Nonuniform Pension Plan are 5.00% of compensation. Members in the Nonuniform Pension Plan are required to contribute 1.00% of total compensation and can make an additional voluntary contribution of up to 9.00%. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2019 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.80% to 7.05%. The unfunded actuarial accrued liability (asset) is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 5.25%. The Nonuniform Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability (asset).

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PMRS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (Large Capitalized Firms)	25%	7.56%	5.31%
Domestic Equities (Small Capitalized Firms)	15%	8.31%	6.06%
International Equities (International Developed Markets)	15%	7.78%	5.53%
International Equities (Emerging Markets)	10%	8.20%	5.95%
Real Estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed Income	15%	4.12%	1.87%
Total Portfolio	100%	7.80%	5.55%

The above was the PMRS Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of December 31, 2020.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2020. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2019, and by rolling forward the liabilities from the January 1, 2019 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net pension asset is \$916,255 and measured as the difference between the total pension liability of \$6,853,873 and the fiduciary net position of \$7,770,128.

The Township's change in total pension liability, plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2020 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
Balances as of January 1, 2020	\$6,588,094	\$7,109,260	\$(521,166)
Changes for the year:			
Service cost	250,439	-	250,439
Interest on total pension liability	336,263	-	336,263
Changes of benefits	-	-	-
Change of assumptions	124,742	-	124,742
Differences between expected and actual experience	(110,001)	-	(110,001)
Employer contributions	-	47,110	(47,110)
PMRS assessment contribution	-	40	(40)
Member contributions	-	141,340	(141,340)
Net investment income	-	824,524	(824,524)
Transfers	-	-	-
Benefit payments	(335,664)	(335,664)	-
PMRS administrative expense	-	(1,660)	1,660
Administrative expense	-	(14,822)	14,822
Net changes	<u>265,779</u>	<u>660,868</u>	<u>(395,089)</u>
Balances as of December 31, 2020	<u>\$6,853,873</u>	<u>\$7,770,128</u>	<u>\$(916,255)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Township calculated using the discount rate 5.25%, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is one percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	<u>1% Decrease 4.25%</u>	<u>Current Discount Rate 5.25%</u>	<u>1% Increase 6.25%</u>
Net Pension Liability (Asset)	\$156,055	\$(916,255)	\$(1,952,588)

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

For the year ended December 31, 2020, the Township recognized negative pension expense of 193,367. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$108,164
Changes in assumptions	93,556	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>793,363</u>
	<u>\$93,556</u>	<u>\$901,527</u>

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

Year ended December 31,

2021	\$(287,379)
2022	(149,980)
2023	(273,748)
2024	<u>(96,864)</u>
	<u>\$(807,971)</u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – 2.80%-7.05% per year age related scale with merit and inflation component
- Mortality rates – RP 2000 mortality tables for males and females

(10) DEFERRED COMPENSATION PLAN

The Township has established and administers a deferred compensation plan in accordance with Internal Revenue Code Section 410(k) available to all full-time Township employees. Contributions to the deferred compensation plan are made from employee payroll deductions based on an election by the participant. Assets of the deferred compensation plan totaled \$12,571,742 as of December 31, 2021 are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the deferred compensation plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The Township has no liability for losses under the plan. Investments are managed by the plan's administrator under several different investment options or combinations thereof. The choice of the investment option(s) is made by the participants. The Township has no management control over the assets of the deferred compensation plan. Accordingly, the assets of the Deferred Compensation Plan are not included in these financial statements.

(11) INTERAUTHORITY TREATMENT SERVICE

The Township has entered into agreements with four other municipal authorities which provide for the treatment of a portion of the wastewater collected by the Township. For the year ended December 31, 2021, the Township purchased wastewater treatment services under these agreements totaling \$1,980,551.

BRISTOL TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(12) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Township receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

Litigation

The Township is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

(13) RISK MANAGEMENT

Property and Liability

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers compensation and employee health, for which the Township retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during 2021. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Health Insurance

The Township participates in a healthcare trust with other governmental entities from Pennsylvania and Delaware. The healthcare trust is a public entity risk pool is designed to provide healthcare coverage for eligible employees, spouses and dependents. The Trust was established for the sole and exclusive benefit of the employees of the member governmental entities. While the healthcare trust is self-funded, each member governmental entity receives a fully-insured equivalent rate which is guaranteed for twelve months and represents a total risk transfer to the healthcare trust. The Township is not responsible for any additional assessments upon termination. The healthcare trust assumes the risk for all claims including large claims and purchases commercial reinsurance for claims over \$1 million.

Workers' Compensation

The Township and other Pennsylvania municipalities and housing and redevelopment authorities participate in a workers' compensation trust, which is a cooperative voluntary arrangement. The Township and the other participating members pay an annual premium to the workers' compensation trust for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the workers' compensation trust that the workers' compensation trust will utilize funds contributed by the participating members, which shall be held in trust, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of December 31, 2021, the Township is not aware of any additional assessments relating to the workers' compensation trust.

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2022, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BRISTOL TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Taxes			
Property	\$ 7,581,000	\$ 7,580,721	\$ (279)
Transfer	1,300,000	2,419,288	1,119,288
Earned income	6,650,000	7,648,932	998,932
Other	<u>1,582,000</u>	<u>1,537,686</u>	<u>(44,314)</u>
Total taxes	17,113,000	19,186,627	2,073,627
Fees and fines	191,000	219,955	28,955
Licenses and permits	2,747,400	3,766,995	1,019,595
Intergovernmental revenues	895,400	888,907	(6,493)
Charges for services	601,200	693,532	92,332
Investment income and rent	24,600	30,889	6,289
Miscellaneous	<u>165,000</u>	<u>248,385</u>	<u>83,385</u>
Total revenues	<u>21,737,600</u>	<u>25,035,290</u>	<u>3,297,690</u>
EXPENDITURES			
Current			
General government	3,341,400	2,481,742	859,658
Public safety	16,119,400	15,125,065	994,335
Public works	1,829,700	1,777,352	52,348
Debt Service	<u>841,800</u>	<u>841,800</u>	<u>-</u>
Total expenditures	<u>22,132,300</u>	<u>20,225,959</u>	<u>1,906,341</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(394,700)</u>	<u>4,809,331</u>	<u>5,204,031</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	516,000	516,000	-
Transfers out	<u>(121,300)</u>	<u>(111,134)</u>	<u>10,166</u>
Total other financing sources (uses)	<u>394,700</u>	<u>404,866</u>	<u>10,166</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>5,214,197</u>	<u>\$ 5,214,197</u>
FUND BALANCE			
Beginning of year		<u>7,255,979</u>	
End of year		<u>\$ 12,470,176</u>	

BRISTOL TOWNSHIP**BUDGETARY COMPARISON SCHEDULE - LIQUID FUELS FUND**

Year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenues	\$ 1,459,900	\$ 1,497,053	\$ 37,153
Investment income and rent	<u>10,700</u>	<u>9,590</u>	<u>(1,110)</u>
Total revenues	<u>1,470,600</u>	<u>1,506,643</u>	<u>36,043</u>
EXPENDITURES			
Current			
Public works	<u>1,505,000</u>	<u>1,111,598</u>	<u>393,402</u>
Total expenditures	<u>1,505,000</u>	<u>1,111,598</u>	<u>393,402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,400)</u>	<u>395,045</u>	<u>429,445</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	34,400	-	(34,400)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>34,400</u>	<u>-</u>	<u>(34,400)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>395,045</u>	<u>\$ 395,045</u>
FUND BALANCE			
Beginning of year		<u>4,387,438</u>	
End of year		<u>\$ 4,782,483</u>	

BRISTOL TOWNSHIP**BUDGETARY COMPARISON SCHEDULE - REFUSE FUND**Year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 5,130,000	\$ 5,284,719	\$ 154,719
Intergovernmental revenues	167,000	248,904	81,904
Investment income and rent	16,900	10,504	(6,396)
Total revenues	<u>5,313,900</u>	<u>5,544,127</u>	<u>230,227</u>
EXPENDITURES			
Current			
Sanitation	<u>5,088,000</u>	<u>5,055,013</u>	<u>32,987</u>
Total expenditures	<u>5,088,000</u>	<u>5,055,013</u>	<u>32,987</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>225,900</u>	<u>489,114</u>	<u>263,214</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	224,100	-	(224,100)
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(225,900)</u>	<u>(450,000)</u>	<u>(224,100)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>39,114</u>	<u>\$ 39,114</u>
FUND BALANCE			
Beginning of year		<u>3,337,794</u>	
End of year		<u>\$ 3,376,908</u>	

BRISTOL TOWNSHIP**SCHEDULE OF CHANGES IN NET POLICE PENSION LIABILITY (ASSET)**

Year ended December 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 925,445	\$ 966,553	\$ 911,842
Interest on total pension liability	4,952,664	4,978,830	4,818,029
Differences between expected and actual experience	(3,343,408)	-	(305,762)
Changes of assumptions	5,293,000	-	-
Benefit payments, including refunds of member contributions	<u>(4,499,008)</u>	<u>(3,608,404)</u>	<u>(3,940,711)</u>
Net change in total pension liability	3,328,693	2,336,979	1,483,398
Total pension liability, beginning	<u>65,410,004</u>	<u>63,073,025</u>	<u>61,589,627</u>
Total pension liability, ending	<u>\$ 68,738,697</u>	<u>\$ 65,410,004</u>	<u>\$ 63,073,025</u>
PLAN FIDUCIARY NET POSITION			
Employer contributions	\$ 1,386,331	\$ 1,424,524	\$ 1,876,804
Employee contributions	292,815	303,989	299,620
Net investment income	7,957,061	9,285,223	10,644,337
Benefit payments	(4,499,008)	(3,608,404)	(3,940,711)
Administrative expense	<u>(14,500)</u>	<u>(6,800)</u>	<u>(14,300)</u>
Net change in plan fiduciary net position	5,122,699	7,398,532	8,865,750
Fiduciary net position, beginning	<u>66,869,921</u>	<u>59,471,389</u>	<u>50,605,639</u>
Fiduciary net position, ending	<u>\$ 71,992,620</u>	<u>\$ 66,869,921</u>	<u>\$ 59,471,389</u>
Net pension liability (asset)	<u>\$ (3,253,923)</u>	<u>\$ (1,459,917)</u>	<u>\$ 3,601,636</u>
Fiduciary net position as a % of total pension liability	104.73%	102.23%	94.29%
Internal money-weighted rate of return	11.90%	15.61%	21.03%
Covered payroll	5,447,906	5,823,442	6,083,910
Net pension liability as a % of covered payroll	-59.73%	-25.07%	59.20%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

2018	2017	2016	2015	2014
\$ 924,640	\$ 872,302	\$ 791,282	\$ 746,492	\$ 1,075,572
4,694,710	4,522,550	4,434,888	4,268,577	4,262,456
-	(1,483,656)	-	(674,370)	-
-	267,451	-	(1,284,341)	-
<u>(3,577,934)</u>	<u>(3,012,418)</u>	<u>(2,978,013)</u>	<u>(2,983,918)</u>	<u>(2,963,530)</u>
2,041,416	1,166,229	2,248,157	72,440	2,374,498
<u>59,548,211</u>	<u>58,381,982</u>	<u>56,133,825</u>	<u>56,061,385</u>	<u>53,686,887</u>
<u>\$ 61,589,627</u>	<u>\$ 59,548,211</u>	<u>\$ 58,381,982</u>	<u>\$ 56,133,825</u>	<u>\$ 56,061,385</u>
\$ 1,505,029	\$ 1,511,398	\$ 1,681,425	\$ 2,219,238	\$ 1,739,662
305,336	286,417	290,882	295,752	297,595
(2,820,909)	7,759,872	3,350,779	319,618	2,677,685
(3,577,934)	(3,012,418)	(2,978,013)	(2,983,918)	(2,963,530)
<u>(13,700)</u>	<u>(5,400)</u>	<u>(11,400)</u>	<u>(12,700)</u>	<u>(5,000)</u>
(4,602,178)	6,539,869	2,333,673	(162,010)	1,746,412
<u>55,207,817</u>	<u>48,667,948</u>	<u>46,334,275</u>	<u>46,496,285</u>	<u>44,749,873</u>
<u>\$ 50,605,639</u>	<u>\$ 55,207,817</u>	<u>\$ 48,667,948</u>	<u>\$ 46,334,275</u>	<u>\$ 46,496,285</u>
<u>\$ 10,983,988</u>	<u>\$ 4,340,394</u>	<u>\$ 9,714,034</u>	<u>\$ 9,799,550</u>	<u>\$ 9,565,100</u>
82.17%	92.71%	83.36%	82.54%	82.94%
-5.11%	15.94%	7.23%	0.70%	6.11%
5,600,000	5,680,410	5,444,324	6,128,720	6,124,324
196.14%	76.41%	178.42%	159.90%	156.18%

BRISTOL TOWNSHIP

SCHEDULE OF CHANGES IN NET NONUNIFORM PENSION LIABILITY (ASSET)

Year ended December 31

	Measurement		
	2020	2019	2018
TOTAL PENSION LIABILITY			
Service cost	\$ 250,439	\$ 247,673	\$ 250,433
Interest on total pension liability	336,263	325,172	319,744
Changes of benefits	-	-	64,047
Differences between expected and actual experience	(110,001)	(47,299)	(8,053)
Changes of assumptions	124,742	-	-
Transfers	-	-	10,289
Benefit payments, including refunds of member contributions	<u>(335,664)</u>	<u>(336,554)</u>	<u>(221,066)</u>
Net change in total pension liability	265,779	188,992	415,394
Total pension liability, beginning	<u>6,588,094</u>	<u>6,399,102</u>	<u>5,983,708</u>
Total pension liability, ending	<u>\$ 6,853,873</u>	<u>\$ 6,588,094</u>	<u>\$ 6,399,102</u>
PLAN FIDUCIARY NET POSITION			
Employer contributions	\$ 47,110	\$ (62)	\$ -
Contributions - PMRS assessment	40	100	1,640
Employee contributions	141,340	139,193	142,259
PMRS investment income	340,196	330,706	327,254
Market value investment income	484,328	902,833	(677,955)
Transfers	-	-	10,289
Benefit payments	(335,664)	(336,554)	(221,066)
PMRS administrative expense	(1,660)	(100)	(1,560)
Additional administrative expense	<u>(14,822)</u>	<u>(11,431)</u>	<u>(14,604)</u>
Net change in plan fiduciary net position	660,868	1,024,685	(433,743)
Fiduciary net position, beginning	<u>7,109,260</u>	<u>6,084,575</u>	<u>6,518,318</u>
Fiduciary net position, ending	<u>\$ 7,770,128</u>	<u>\$ 7,109,260</u>	<u>\$ 6,084,575</u>
Net pension liability (asset)	<u>\$ (916,255)</u>	<u>\$ (521,166)</u>	<u>\$ 314,527</u>
Fiduciary net position as a % of total pension liability	113.37%	107.91%	95.08%
Covered payroll	2,218,482	2,196,935	2,240,212
Net pension liability (asset) as a % of covered payroll	-41.30%	-23.72%	14.04%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Date			
2017	2016	2015	2014
\$ 231,385	\$ 198,014	\$ 194,014	\$ 194,791
295,452	288,554	280,378	266,574
-	-	-	-
-	(47,906)	(86,380)	(61,520)
-	34,807	16,453	-
(10,235)	-	-	-
<u>(160,025)</u>	<u>(207,311)</u>	<u>(198,779)</u>	<u>(416,448)</u>
356,577	266,158	205,686	(16,603)
<u>5,627,131</u>	<u>5,360,973</u>	<u>5,155,287</u>	<u>5,171,890</u>
<u>\$ 5,983,708</u>	<u>\$ 5,627,131</u>	<u>\$ 5,360,973</u>	<u>\$ 5,155,287</u>
\$ -	\$ 17,384	\$ 13,340	\$ 94,343
1,600	1,660	1,520	-
129,231	109,569	103,009	101,949
307,359	306,029	298,000	282,910
676,912	138,191	(353,084)	(2,986)
(10,235)	-	-	(5,156)
(160,025)	(207,311)	(198,779)	(416,448)
(1,560)	(1,540)	(1,520)	(1,500)
<u>(14,135)</u>	<u>(14,993)</u>	<u>(12,423)</u>	<u>(10,849)</u>
929,147	348,989	(149,937)	42,263
<u>5,589,171</u>	<u>5,240,182</u>	<u>5,390,119</u>	<u>5,347,856</u>
<u>\$ 6,518,318</u>	<u>\$ 5,589,171</u>	<u>\$ 5,240,182</u>	<u>\$ 5,390,119</u>
<u>\$ (534,610)</u>	<u>\$ 37,960</u>	<u>\$ 120,791</u>	<u>\$ (234,832)</u>
108.93%	99.33%	97.75%	104.56%
2,088,573	1,802,117	1,888,016	1,852,666
-25.60%	2.11%	6.40%	-12.68%

BRISTOL TOWNSHIP**SCHEDULE OF TOWNSHIP POLICE PENSION CONTRIBUTIONS**

Year ended December 31,

Police Pension Fund

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2014	\$ 1,739,662	\$ 1,739,662	\$ -	\$ 6,124,324	28.41%
2015	2,219,238	2,219,238	-	6,128,720	36.21%
2016	1,617,617	1,681,425	(63,808)	5,444,324	30.88%
2017	1,511,398	1,511,398	-	5,680,410	26.61%
2018	1,505,029	1,505,029	-	5,600,000	26.88%
2019	1,876,804	1,876,804	-	6,083,910	30.85%
2020	1,424,524	1,424,524	-	5,823,442	24.46%
2021	1,386,331	1,386,331	-	5,447,906	25.45%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BRISTOL TOWNSHIP**SCHEDULE OF TOWNSHIP NONUNIFORM PENSION CONTRIBUTIONS**

Year ended December 31,

Nonuniform Pension Fund

Measurement Date Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2014	\$94,342	\$94,343	\$ (1)	\$ 1,852,666	5.09%
2015	92,525	14,860	77,665	1,888,016	0.79%
2016	89,985	19,044	70,941	1,802,117	1.06%
2017	103,714	1,600	102,114	2,088,573	0.08%
2018	109,734	1,640	108,094	2,240,212	0.07%
2019	108,580	38	108,542	2,196,935	0.00%
2020	110,759	47,150	63,609	2,218,482	2.13%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BRISTOL TOWNSHIP**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**

Year ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 1,383,464	\$ 1,519,622	\$ 1,652,125	\$ 1,381,774
Interest on total OPEB liability	2,172,023	2,400,853	2,190,349	2,271,305
Differences between expected and actual experience	-	(5,894,784)	-	-
Changes of assumptions	17,315,654	4,616,350	(5,260,420)	5,901,068
Benefit payments	<u>(1,800,330)</u>	<u>(1,880,130)</u>	<u>(1,720,347)</u>	<u>(1,743,176)</u>
Net change in total OPEB liability	19,070,811	761,911	(3,138,293)	7,810,971
Total OPEB liability, beginning	<u>66,218,248</u>	<u>65,456,337</u>	<u>68,594,630</u>	<u>60,783,659</u>
Total OPEB liability, ending	<u>\$ 85,289,059</u>	<u>\$ 66,218,248</u>	<u>\$ 65,456,337</u>	<u>\$ 68,594,630</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 8,882,138	\$ 8,882,138	\$ 7,814,536	\$ 7,814,536
OPEB liability as a % of covered payroll	960.23%	745.52%	837.62%	877.78%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

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BRISTOL TOWNSHIP

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES

December 31, 2021

	<u>Special Revenue Funds</u>				
	<u>Fire Fund</u>	<u>Rescue Fund</u>	<u>Parks and Recreation Operating Fund</u>	<u>DEA Fund</u>	<u>Community Development Fund</u>
ASSETS					
Cash	\$ 17,020	\$ 4,680	\$ 1,309,306	\$ 47,040	\$ 280,162
Taxes receivable, net	34,716	9,547	15,622	-	-
Accounts receivable, net	-	-	9,336	-	-
Due from other governments	-	-	-	-	688,373
Total assets	<u>\$ 51,736</u>	<u>\$ 14,227</u>	<u>\$ 1,334,264</u>	<u>\$ 47,040</u>	<u>\$ 968,535</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 16,235	\$ 4,464	\$ 13,151	\$ -	\$ 305,625
Due to other funds	-	-	-	-	476,195
Unearned revenue	-	-	8,357	9,708	9,630
Total liabilities	<u>16,235</u>	<u>4,464</u>	<u>21,508</u>	<u>9,708</u>	<u>791,450</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	<u>33,900</u>	<u>9,323</u>	<u>15,255</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for					
Law enforcement	-	-	-	37,332	-
Road improvements and maintenance	-	-	-	-	-
Community development	-	-	-	-	177,085
Public safety	1,601	440	-	-	-
Committed for					
Capital projects	-	-	-	-	-
Parks and recreation	-	-	1,297,501	-	-
Street lights	-	-	-	-	-
Public safety	-	-	-	-	-
Blighted properties	-	-	-	-	-
Total fund balances	<u>1,601</u>	<u>440</u>	<u>1,297,501</u>	<u>37,332</u>	<u>177,085</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,736</u>	<u>\$ 14,227</u>	<u>\$ 1,334,264</u>	<u>\$ 47,040</u>	<u>\$ 968,535</u>

				Capital Projects Funds		
Home Partnership Fund	Street Lights Fund	Education Service Agency Fund	Blighted Properties Fund	Parks and Recreation Capital Reserve Fund	Curb and Sidewalk Fund	Total
\$ 4,053	\$ 381,342	\$ 35,633	\$ 185,012	\$ 64,620	\$ 27,790	\$ 2,356,658
-	12,901	-	-	-	-	72,786
-	47,557	1,430	-	-	17,900	76,223
-	-	-	458,619	-	-	1,146,992
<u>\$ 4,053</u>	<u>\$ 441,800</u>	<u>\$ 37,063</u>	<u>\$ 643,631</u>	<u>\$ 64,620</u>	<u>\$ 45,690</u>	<u>\$ 3,652,659</u>
\$ 305	\$ 66,040	\$ 1,886	\$ 20,643	\$ -	\$ -	\$ 428,349
-	-	-	-	-	-	476,195
-	47,557	1,430	-	-	-	76,682
<u>305</u>	<u>113,597</u>	<u>3,316</u>	<u>20,643</u>	<u>-</u>	<u>-</u>	<u>981,226</u>
-	13,234	-	-	-	-	71,712
-	-	-	-	-	-	37,332
-	-	-	-	-	-	-
3,748	-	-	-	-	-	180,833
-	-	-	-	-	-	2,041
-	-	-	-	-	45,690	45,690
-	-	-	-	64,620	-	1,362,121
-	314,969	-	-	-	-	314,969
-	-	33,747	-	-	-	33,747
-	-	-	622,988	-	-	622,988
<u>3,748</u>	<u>314,969</u>	<u>33,747</u>	<u>622,988</u>	<u>64,620</u>	<u>45,690</u>	<u>2,599,721</u>
<u>\$ 4,053</u>	<u>\$ 441,800</u>	<u>\$ 37,063</u>	<u>\$ 643,631</u>	<u>\$ 64,620</u>	<u>\$ 45,690</u>	<u>\$ 3,652,659</u>

BRISTOL TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES

Year ended December 31, 2021

	Special Revenue Funds				
	Fire Fund	Rescue Fund	Parks and Recreation Operating Fund	DEA Fund	Community Development Fund
REVENUES					
Taxes	\$ 839,291	\$ 230,803	\$ 377,675	\$ -	\$ -
Intergovernmental revenues	271,588	-	-	-	1,563,572
Charges for services	-	-	84,122	-	-
Investment income and rent	-	-	3,729	84	519
Miscellaneous	-	-	22,851	-	23,893
Total revenues	<u>1,110,879</u>	<u>230,803</u>	<u>488,377</u>	<u>84</u>	<u>1,587,984</u>
EXPENDITURES					
Current					
Public safety	1,110,061	230,578	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	1,636,674
Culture and recreation	-	-	437,924	-	-
Total expenditures	<u>1,110,061</u>	<u>230,578</u>	<u>437,924</u>	<u>-</u>	<u>1,636,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>818</u>	<u>225</u>	<u>50,453</u>	<u>84</u>	<u>(48,690)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	818	225	50,453	84	(48,690)
FUND BALANCES					
Beginning of year	<u>783</u>	<u>215</u>	<u>1,247,048</u>	<u>37,248</u>	<u>225,775</u>
End of year	<u>\$ 1,601</u>	<u>\$ 440</u>	<u>\$ 1,297,501</u>	<u>\$ 37,332</u>	<u>\$ 177,085</u>

				Capital Projects Funds		
Home Partnership Fund	Street Lights Fund	Education Service Agency Fund	Blighted Properties Fund	Parks and Recreation Capital Reserve Fund	Curb and Sidewalk Fund	Total
\$ -	\$ 516,708	\$ -	\$ -	\$ -	\$ -	\$ 1,964,477
-	-	-	-	-	-	1,835,160
-	-	83,095	-	-	-	167,217
1	821	-	728	110	47	6,039
-	61,919	-	300,170	-	-	408,833
<u>1</u>	<u>579,448</u>	<u>83,095</u>	<u>300,898</u>	<u>110</u>	<u>47</u>	<u>4,381,726</u>
-	-	222,269	-	-	-	1,562,908
-	583,412	-	89,408	-	-	672,820
-	-	-	-	-	-	1,636,674
-	-	-	-	-	-	437,924
-	<u>583,412</u>	<u>222,269</u>	<u>89,408</u>	-	-	<u>4,310,326</u>
<u>1</u>	<u>(3,964)</u>	<u>(139,174)</u>	<u>211,490</u>	<u>110</u>	<u>47</u>	<u>71,400</u>
-	-	111,134	-	-	-	111,134
-	(25,000)	-	(6,000)	-	-	(31,000)
-	(25,000)	111,134	(6,000)	-	-	80,134
1	(28,964)	(28,040)	205,490	110	47	151,534
<u>3,747</u>	<u>343,933</u>	<u>61,787</u>	<u>417,498</u>	<u>64,510</u>	<u>45,643</u>	<u>2,448,187</u>
<u>\$ 3,748</u>	<u>\$ 314,969</u>	<u>\$ 33,747</u>	<u>\$ 622,988</u>	<u>\$ 64,620</u>	<u>\$ 45,690</u>	<u>\$ 2,599,721</u>

SINGLE AUDIT

BRISTOL TOWNSHIP

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue January 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue December 31, 2021</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Housing and Urban Development											
Community Development Block Grant-CV	D	14.218	N/A	07/01/20 - 06/30/21	\$ 684,155	\$ 21,844	\$ -	\$ 113,595	\$ 113,595	\$ 91,751	\$ -
Passed-Through the Pennsylvania Department of Community and Economic Development											
Community Development Block Grant	I	14.218	B-17-MC-42-0004	07/01/17 - 06/30/18	544,721	44,937	44,937	-	-	-	-
Community Development Block Grant	I	14.218	B-18-MC-42-0004	07/01/18 - 06/30/19	607,723	106,249	106,249	-	-	-	-
Community Development Block Grant	I	14.218	B-19-MC-42-0004	07/01/19 - 06/30/20	602,959	386,135	130,961	255,174	255,174	-	-
Community Development Block Grant	I	14.218	B-20-MC-42-0004	07/01/20 - 06/30/21	669,779	549,933	-	560,445	560,445	10,512	-
Community Development Block Grant	I	14.218	B-21-MC-42-0004	07/01/21 - 06/30/22	657,153	7,517	-	634,358	634,358	626,841	-
Total ALN #14.218						<u>1,116,615</u>	<u>282,147</u>	<u>1,563,572</u>	<u>1,563,572</u>	<u>729,104</u>	<u>-</u>
U.S. Department of Treasury											
Coronavirus State and Local Recovery Funds	D	21.027	N/A	03/03/21 - 12/31/24	15,886,687	<u>7,943,324</u>	-	<u>1,381,248</u>	<u>1,381,248</u>	<u>(6,562,076)</u>	<u>128,432</u>
Total Federal Awards						<u>\$ 9,059,939</u>	<u>\$ 282,147</u>	<u>\$ 2,944,820</u>	<u>\$ 2,944,820</u>	<u>\$ (5,832,972)</u>	<u>\$ 128,432</u>

Source Codes

D - Direct Funding

I - Indirect Funding

BRISTOL TOWNSHIP

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2021

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

(2) BASIS OF ACCOUNTING

The Township uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) INDIRECT COSTS

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

BRISTOL TOWNSHIP

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended December 31, 2021

There were no audit findings for the year ended December 31, 2020.



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

**Township Council
Bristol Township
Bristol, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bristol Township, Bristol, Pennsylvania (the "**Township**"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated November 5, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
November 5, 2022**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

**Township Council
Bristol Township
Bristol, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bristol Township's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bristol Township's major federal programs for the year ended December 31, 2021. Bristol Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bristol Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("**Uniform Guidance**"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bristol Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bristol Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bristol Township's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bristol Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bristol Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bristol Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bristol Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bristol Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
November 5, 2022**

BRISTOL TOWNSHIP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2021

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Bristol Township were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Bristol Township are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Bristol Township, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Bristol Township expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
 - Community Development Block Grant – ALN Number 14.218
 - Coronavirus State and Local Recovery Funds – ALN Number 21.027
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Bristol Township did not qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None