

**BRISTOL TOWNSHIP SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

*Year Ended June 30, 2020*

## **INTRODUCTORY SECTION**

# BRISTOL TOWNSHIP SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2020

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## **FINANCIAL SECTION**

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

To the Board of School Directors  
Bristol Township School District  
Levittown, Pennsylvania

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bristol Township School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Bristol Township School District's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of School Directors  
Bristol Township School District

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bristol Township School District as of June 30, 2020, 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.

### ***Emphasis of Matter***

As discussed in Note Q, the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Bristol Township School District's operational and financial performance. At this point, the District cannot reasonably estimate the impact on its operations or financial results. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, budgetary comparison information on pages 61 and 62, schedule of the school district's proportionate share of PSERS net pension liability on page 63, schedule of the school district's PSERS pension contributions on page 64, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 65, schedule of the school district's PSERS other postemployment benefit plan contributions on page 66, and the schedule of changes in the total other postemployment benefit plan liability and related ratios on page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

To the Board of School Directors  
Bristol Township School District

The combining balance sheet, combining statement of revenues, expenditures and changes in fund balance and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 supplementary information 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.

The combining balance sheet, combining statement of revenues, expenditures and changes in fund balance have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the Bristol Township School District'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bristol Township School District's internal control over financial reporting and compliance.

*Maillie LLP*

Limerick, Pennsylvania  
January 6, 2021

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2020

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**INTRODUCTION**

The discussion and analysis of the Bristol Township School District's (the "District") financial statements provides an overall analysis of the financial activities for the year ended June 30, 2020. This analysis is based on currently known information, decisions and conditions.

**FINANCIAL HIGHLIGHTS**

The liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the Bristol Township School District for the Governmental Activities at the close of the 2020 fiscal year by \$141,488,716 (negative net position). This compares with negative net position of \$147,460,908 at the close of the 2019 fiscal year. The negative net position is the result of recording the District's proportionate share of net pension liability and deferred pension amounts in accordance with GASB Statement No. 68, which was implemented during 2015 as well as the District's proportionate share of the net other postemployment benefit liability and deferred benefit amounts in accordance with GASB No. 75 which was implemented during 2018.

As of the close of the current fiscal year, the Bristol Township School District general fund reported an ending fund balance of \$32,961,767, an increase of \$6,686,643 in comparison with the prior year. This increase is due to positive cash flows from day to day operations of the District. Governmental funds at the close of the fiscal year recorded an ending fund balance of \$35,367,050, an increase of \$5,155,240 from the prior year also due to positive cash flows from day to day operations.

At the end of the current fiscal year the fund balance in the general fund is comprised of: a non-spendable fund balance of \$2,966,112; a committed fund balance of \$3,237,285; an assigned fund balance of \$17,000,000; and an unassigned fund balance of \$9,758,370, for a total of \$32,961,767. Unassigned fund balance was 7.1% percent of the total general fund expenditures.

**FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's discussion and analysis introduces the District's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

The title and a brief description of each of the basic financial statements follow. Page number references for respective statements are also shown.

**Government-Wide Financial Statements**

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

The Statement of Net Position reports assets, liabilities and net position for the entire School District, including governmental activities and business-type activities (Page 16).

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2020

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The Statement of Activities reports the School District's revenues, expenses, depreciation, and other changes in net position during the year. This report focuses on the net cost of individual functions with reconciliation between the beginning net position and the ending net position (Page 17).

Both of the government-wide financial statements distinguish functions of the Bristol Township School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bristol Township School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bristol Township School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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 near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Balance Sheet-Governmental Funds reports assets, liabilities and fund balance of the General Fund, Capital Projects Fund and aggregate non-major funds (Page 18).

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Page 19) explains the differences in governmental fund balance reported on the Balance Sheet-Governmental Funds and the total net position reported on the Statement of Net Position.

The Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds reports the revenues, expenditures, and changes in fund balance for the General Fund, Capital Projects Fund, and aggregate nonmajor funds (Page 20).

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Page 21) provides a reconciliation of the changes in fund balances reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances to the changes in net position as reported on the Statement of Activities.

The Statement of Net Position-Proprietary Fund reports assets, liabilities, and net position for the Food Service Fund (Page 22).

The Statement of Revenues, Expenses and Changes in Net Position-Proprietary Fund reports the revenues, expenditures, and changes in net position for the Food Service Fund (Page 23).

The Statement of Cash Flows-Proprietary Fund reports the inflows and outflows of cash during the fiscal year for the proprietary fund (Page 24).

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

The Statement of Net Position-Fiduciary Fund reports assets and liabilities for the District's student activity accounts (Page 25).

**Notes to the Basic Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION**

A few financial statistics are addressed below to provide a snapshot overview of the District's finances for the year ended June 30, 2020. Comparisons with the year ended June 30, 2019 are included.

**Assets and Deferred Outflow of Resources**

Assets are the things of value owned by the District. Examples of these would include cash, investments, equipment, and real property. Deferred outflows of resources represent deferred amounts related to pensions.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 57,416,662	\$ 53,555,026	\$ 282,337	\$ 573,878	\$ 57,698,999	\$ 54,128,904
Capital assets	149,642,884	153,688,562	-	-	149,642,884	153,688,562
<b>TOTAL ASSETS</b>	<b>\$ 207,059,546</b>	<b>\$ 207,243,588</b>	<b>\$ 282,337</b>	<b>\$ 573,878</b>	<b>\$ 207,341,883</b>	<b>\$ 207,817,466</b>
Deferred outflows of resources, pension, OPEB contributions	\$ 26,049,724	\$ 26,734,000	\$ 479,662	\$ 547,000	\$ 26,529,386	\$ 27,281,000

GASB-34 has established new processes for accounting for assets, among other accounting changes. Capital assets are reported at acquisition cost less accumulated depreciation in the district-wide financial statements. Previously, capital assets, except for those relating to Proprietary Fund, were reported at acquisition cost in an account group. The accumulated depreciation and resulting asset value does not, in many cases, reflect the current market economic value of capital assets. Asset values are often higher, especially in the case of buildings.

**Liabilities and Deferred Inflows of Resources**

Liabilities are the financial obligations of the District. Examples of liabilities are accounts payable, accrued salaries and benefits, long-term debt and accrued compensated absences.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Long-term liabilities	\$ 336,973,648	\$ 342,557,354	\$ 3,812,768	\$ 3,918,693	\$ 340,786,416	\$ 346,476,047
Other liabilities	23,412,307	24,103,142	118,377	64,994	23,530,684	24,168,136
<b>TOTAL LIABILITIES</b>	<b>\$ 360,385,955</b>	<b>\$ 366,660,496</b>	<b>\$ 3,931,145</b>	<b>\$ 3,983,687</b>	<b>\$ 364,317,100</b>	<b>\$ 370,644,183</b>
Deferred inflows of resources	\$ 14,212,031	\$ 14,778,000	\$ 280,646	\$ 300,000	\$ 14,492,677	\$ 15,078,000

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

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**Net Position**

The difference between total assets and total liabilities results in an amount which is total net position in the district-wide Statement of Net Position.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Net Position						
Net investment in capital assets	\$ 1,602,421	\$ 6,365,700	\$ -	\$ -	\$ 1,602,421	\$ 6,365,700
Unrestricted	(143,091,137)	(153,826,608)	(3,449,792)	(3,162,809)	(146,540,929)	(156,989,417)
<b>TOTAL NET POSITION</b>	<b>\$ (141,488,716)</b>	<b>\$ (147,460,908)</b>	<b>\$ (3,449,792)</b>	<b>\$ (3,162,809)</b>	<b>\$ (144,938,508)</b>	<b>\$ (150,623,717)</b>

Analysis of the net position amount:

The investment in capital assets net of related debt declined due to the continued depreciation of the District's three new elementary schools which were placed in service in the 2016 and 2017 fiscal years. The District's new administrative building was placed into service in the 2019 fiscal year. This depreciation currently outpaces debt principal payments, but not the debt term as a whole. Total accumulated depreciation of fixed assets, mostly school buildings, amounts to \$60,622,482.

Assets in the form of cash, cash equivalents, and investments amount to \$44,810,915. This must be viewed in light of intended uses of this cash, such as payment of salaries, contracted services and construction. This cash should not be confused with unrestricted net position.

With net position of negative \$144,938,508, Bristol Township School District is not unlike many other Pennsylvania School Districts. The negative fiscal position is due to the unfunded pension liability assigned to the District through its mandated participation in the Pennsylvania School Employees Retirement System (PSERS). Pension liability is based on actuarial estimates and projected state, district and employee contribution rates. The net negative position is based on long term projections and does not put the District in any immediate financial concerns. State legislation is being discussed and proposed to address the large state-wide pension liability.

**Governmental activities.** Governmental activities increased the Bristol Township School District's net position by \$5,972,192. Key elements of the increase follow:

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

**Change in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 233,257	\$ 334,154	\$ 591,083	\$ 853,487	\$ 824,340	\$ 1,187,641
Operating grants	23,754,321	24,740,248	2,184,686	2,756,308	25,939,007	27,496,556
Capital grants	748,476	870,691			748,476	870,691
General revenues						
Taxes	90,497,678	90,437,708	-	-	90,497,678	90,437,708
Grants, not restricted to specific programs	26,856,011	24,850,165	-	-	26,856,011	24,850,165
Investment income	1,157,160	1,674,235	-	-	1,157,160	1,674,235
Miscellaneous income	141,585	253,863	-	-	141,585	253,863
Transfers	(69,049)	(95,684)	69,049	95,684	-	-
<b>TOTAL REVENUES</b>	<b>143,319,439</b>	<b>143,065,380</b>	<b>2,844,818</b>	<b>3,705,479</b>	<b>146,164,257</b>	<b>146,770,859</b>
<b>EXPENSES</b>						
Instruction	93,843,960	94,162,724	-	-	93,843,960	94,162,724
Support services	34,324,716	35,029,404	-	-	34,324,716	35,029,404
Operation of non- instructional services	1,188,094	1,270,478	-	-	1,188,094	1,270,478
Loss on disposition of capital assets	1,271,433	462,759	-	-	1,271,433	462,759
Interest on long-term debt	6,717,526	6,671,214	-	-	6,717,526	6,671,214
Refund of prior year revenues	1,518	-	-	-	1,518	-
Food services	-	-	3,131,801	3,559,231	3,131,801	3,559,231
<b>TOTAL EXPENSES</b>	<b>137,347,247</b>	<b>137,596,579</b>	<b>3,131,801</b>	<b>3,559,231</b>	<b>140,479,048</b>	<b>141,155,810</b>
<b>CHANGE IN NET POSITION</b>	<b>5,972,192</b>	<b>5,468,801</b>	<b>(286,983)</b>	<b>146,248</b>	<b>5,685,209</b>	<b>5,615,049</b>
<b>NET POSITION, BEGINNING</b>	<b>(147,460,908)</b>	<b>(152,929,709)</b>	<b>(3,162,809)</b>	<b>(3,309,057)</b>	<b>(150,623,717)</b>	<b>(156,238,766)</b>
<b>NET POSITION, ENDING</b>	<b>\$ (141,488,716)</b>	<b>\$ (147,460,908)</b>	<b>\$ (3,449,792)</b>	<b>\$ (3,162,809)</b>	<b>\$ (144,938,508)</b>	<b>\$ (150,623,717)</b>

The primary source of revenue for the year ending June 30, 2020 was from real estate taxes, which was 63% of the total revenue.

Operating grants and contributions amounted to 17% of the revenue budget for the year ending June 30, 2020.

Business-type activities represent the District's food service program. The program had a decrease in net position of \$286,983 for the fiscal year ended June 30, 2020.

The primary purpose of expenditures is instructional and amounted to 68% of total expenditures for the District. Most of the instructional expenditures were used for the salary and benefits of instructional staff. About 64% of the District's total expenditure budget is for salaries and benefits of employees.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

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**Governmental Funds**

The focus of the Bristol Township School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Bristol Township School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Bristol Township School District. At the end of the current fiscal year, fund balance is as follows and is compared with the preceding fiscal year.

	June 30,		Increase (Decrease)
	<u>2020</u>	<u>2019</u>	
Nonspendable fund balance	\$ 2,966,112	\$ 890,706	\$ 2,075,406
Committed fund balance	3,237,285	3,237,285	-
Assigned fund balance	17,000,000	13,000,000	4,000,000
Unassigned fund balance	<u>9,758,370</u>	<u>9,147,133</u>	<u>611,237</u>
	<u>\$ 32,961,767</u>	<u>\$ 26,275,124</u>	<u>\$ 6,686,643</u>

For the year ended June 30, 2020, the fund balance in the general fund increased from the prior year's balance. The School District attempts to maintain a reasonable fund balance to protect against receipt of revenue shortfalls and/or emergency expenditures.

***Total Program Revenue***

General fund revenue is categorized as being from major resources. Specifically, these categories are local, state, federal and other financing sources. A summary of these revenue sources follows:

	June 30,		Increase (Decrease)
	<u>2020</u>	<u>2019</u>	
Local	\$ 94,023,071	\$ 94,495,214	\$ (472,143)
State	47,545,540	46,308,839	1,236,701
Federal	2,099,740	2,474,528	(374,788)
Other financing sources	<u>25,040,000</u>	<u>-</u>	<u>25,040,000</u>
	<u>\$ 168,708,351</u>	<u>\$ 143,278,581</u>	<u>\$ 25,429,770</u>

The negative variance in the Local Funds resulted from a decrease in collection of delinquent taxes and a decrease in investment earnings. The decrease was partially offset by an increase in real estate taxes collected. Excluding bond proceeds received as other financing sources, the Local share of revenue amounted to 66% of the total general fund revenue for the year ended June 30, 2020 and 2019.

The positive variance in the State Funds was due increases in state basic education and transportation subsidies. The increase was also a result of increases in retirement reimbursements. Excluding bond proceeds received as other financing sources, the State share of revenue amounted to 33% of the total general fund revenue for the year ended June 30, 2020 and 2019.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

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The negative variance in the Federal Funds was attributable to a small overall decrease in the federal funds. Excluding bond proceeds received as other financing sources, the Federal share of revenue amounted to 1% of the total general fund revenue for the year ended June 30, 2020.

Other financing sources revenue consisted of bond proceeds received from bond refinancing issuances.

The primary purpose of the related expenditures is instructional. Most of the instructional expenditures were used for the salary and benefits of instructional staff.

The Food Service Program revenues are intended to offset daily operating costs to provide service such as labor, product and supplies.

General fund expenditures of the District fall into five major categories and the changes are as follows:

	June 30,		Increase (Decrease)
	2020	2019	
Instruction	\$ 90,763,640	\$ 91,398,331	\$ (634,691)
Support services	33,174,892	33,970,938	(796,046)
Non-instructional	1,161,355	1,280,399	(119,044)
Debt service	10,586,582	10,077,663	508,919
Other financing uses	26,335,239	1,106,921	25,228,318
	<u>\$ 162,021,708</u>	<u>\$ 137,834,252</u>	<u>\$ (1,040,862)</u>

**Proprietary Fund**

The Bristol Township School District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Food Service Fund at the end of the year is negative \$3,449,792. The negative net position is the result of recording the District's proportionate share of net pension liability and deferred pension amounts in accordance with GASB Statement No. 68, which was implemented during 2015 as well as the District's proportionate share of net other postemployment benefits liability and deferred benefit amounts in accordance with GASB Statement No. 75, which was implemented in 2018. A larger than normal negative change in net position was realized in 2020 due to the effect of the coronavirus pandemic on operations as food service was not stopped while revenues significantly decreased.

**General Fund Budgetary Highlights**

Budgetary transfers were required to meet actual expenditures, which exceeded original estimates. These transfers were approved by the Board throughout the year.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

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Actual revenues and other financing sources for the year ending June 30, 2020 are \$143,668,351, compared to budget of \$141,590,295, leaving a positive variance of \$3,107,646 or 1.47%. The positive variance is attributable to better than expected local revenues due to a strong real estate market for most of the year. Actual expenditures and other financing uses for year ending June 30, 2020 are \$135,686,469, against the final budget of \$140,237,029, leaving a positive variance of \$4,550,560 or 3.24% below budget. The positive variance in expenditures was attributable to special education program costs below budget by \$2,006,567 or 6.00%. Special education costs, which consist largely of tuitions to other institutions were below budget due to the shutdown of programs as a result of the coronavirus pandemic. The pandemic was also responsible for positive variances in budget versus actual in operation and maintenance of plant services as well as transportation services as most district operations were shut down for part of the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.**

Bristol Township School District's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$149,642,884 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, improvements and machinery and equipment. During the 2020 fiscal year, the District completed the renovation of an older elementary school to serve as its administrative offices. Total costs incurred on this renovation totaled \$18,184,071 and are now included in buildings and improvements. Total investment in capital assets for governmental activities decreased as of June 30, 2020 as a result of depreciation on existing assets outpacing fixed asset additions.

***Capital Assets (Net of Depreciation)***

	Governmental Activities	
	2020	2019
Land	\$ 1,787,431	\$ 1,324,840
Construction in progress	288,914	18,079,345
Buildings and improvements	197,142,485	180,696,032
Machinery and equipment	11,046,536	10,532,084
	<u>\$ 210,265,366</u>	<u>\$ 210,632,301</u>

Additional information of the Bristol Township School District's capital assets can be found in note E on page 36 of this report.

**Long-Term Debt** - At the end of the current fiscal year, the Bristol Township School District had total bonded debt outstanding of \$145,327,000. All of this amount is backed by the full faith and credit of the government.

The borrowing capacity of the Bristol Township School District is set forth under the provisions of Act 50 of 1998. This legislation amends the local Government Unit Debt Act, which establishes the limits for local governments, including school district and other municipalities. Under Act 50, the School District may incur electoral debt in an unlimited amount when such debt is approved by a majority of the School District's voters at either a general or special election. The net outstanding amount of non-electoral (debt not approved by the School District's electorate) or lease rental debt may not exceed 225% of the School District's borrowing base, as defined in the Debt Act.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2020**

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Additional information on the Bristol Township School District’s long-term debt can be found in note F on pages 38-41 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

**Significant Events and Risks**

During the next fiscal years there are several events, risks and commitments, which may have a significant financial impact on the Bristol Township School District.

***Local Funding***

Real estate taxes, the primary source of revenue for the District, are governed by the Taxpayer Relief Act (Act 1) enacted in June 2006. In accordance with Act 1, property taxes increases are limited each year by an index established by the Pennsylvania Department of Education (PDE). For the 2019-2020 fiscal year the District did not increase real estate taxes.

Real estate taxes are billed off of property assessments. Due to a favorable housing and lending market, the District saw a slight increase in its assessment for the 2019-2020 fiscal year. However, Bristol Township, like many older suburban communities in close proximity to a major city, has very little land for future development. This means no significant changes in assessment are expected. Recent changes to infrastructure heighten the expectation that the District’s assessment will continue to trend upward.

***State and Federal Funding***

Growth in expenditures and costs of services continue to keep pace or outpace state and federal funding. In addition, the Commonwealth of Pennsylvania’s financial struggles mean more of the taxing burden continues to be pushed to local governments, such as the School District. The impact of COVID-19 on the state and federal governments tax collections could very well lead to flat or decreases in funding to school districts.

***Expenditures***

Salaries and benefits make up 64% of the School Districts expenditures. In recent years, benefits have been the primary driver of increases in expenditures. Benefits primarily consist of health insurance and retirement contributions. Health insurance premiums have grown by 7%, 10%, and 8% over the last three fiscal years ending June 30, 2018, 2019, and 2020, respectively. The Public School Employees Retirement System (PSERS) is the defined benefit pension plan for Pennsylvania school employees. The employers’ share of retirement contributions has traditionally been funded half by the Commonwealth and half by the District.

<u>Fiscal Year</u>	<u>Rate*</u>
2015-2016	25.84%
2016-2017	30.03%
2017-2018	32.57%
2018-2019	33.43%
2019-2020	34.29%

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2020

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**Enrollment**

As mentioned previously, Bristol Township's open space and land is mostly developed. This means that the likelihood of a significant change in enrollment is low. Past and future enrollment trends for a five year period are summarized in the table below:

<b>Fiscal Year</b>	<b>Enrollment</b>
2015-2016	6,372
2016-2017	6,420
2017-2018	6,358
2017-2018	6,314
2019-2020	6,036 (projected)

The District remains committed to providing a high quality education to its students and financial stability to the residents of Bristol Township. Our mission statement and core beliefs are as follows:

**Mission Statement.** Bristol Township School District will prepare and empower our students to be productive, competitive members in an ever-changing global society.

**Beliefs.** We believe:

- We believe that all individuals can learn and achieve.
- We believe understanding and respecting diversity strengthens our educational community.
- We believe a safe and healthy learning environment for all is essential for success.
- We believe in providing high-quality, standards-based instruction for all students.
- We believe an effective partnership of families, staff and community will improve opportunities for student success.
- We believe students will be empowered to become life-long learners and effective members of society.
- We believe all successes should be acknowledged and celebrated.

**Financial Management.** Our financial report and statements are constructed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. The Bristol Township School Board, Administration and staff remain strongly committed to Bristol Township's long traditions of high quality education and sound financial management.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 24,586,586	\$ 1,970	\$ 24,588,556
Investments	20,224,329	-	20,224,329
Taxes receivable	4,406,838	-	4,406,838
Due from other governments	5,341,883	33,122	5,375,005
Other receivables	28,700	13,165	41,865
Inventories	-	96,294	96,294
Prepaid items	2,966,112	-	2,966,112
Internal balances	(137,786)	137,786	-
TOTAL CURRENT ASSETS	<u>57,416,662</u>	<u>282,337</u>	<u>57,698,999</u>
Noncurrent assets			
Capital assets			
Land	1,787,431	-	1,787,431
Construction in progress	288,914	-	288,914
Buildings and building improvements	197,142,485	-	197,142,485
Property and equipment	11,046,536	-	11,046,536
Accumulated depreciation	(60,622,482)	-	(60,622,482)
TOTAL NONCURRENT ASSETS	<u>149,642,884</u>	<u>-</u>	<u>149,642,884</u>
TOTAL ASSETS	<u>207,059,546</u>	<u>282,337</u>	<u>207,341,883</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pension	22,260,000	456,000	22,716,000
Deferred amounts related to OPEB	1,162,598	23,662	1,186,260
Deferred loss on refunding	2,627,126	-	2,627,126
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,049,724</u>	<u>479,662</u>	<u>26,529,386</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,713,267	-	2,713,267
Claims and judgments payable	702,327	-	702,327
Accrued salaries and benefits	14,508,198	70,103	14,578,301
Accrued interest	510,091	-	510,091
Unearned revenue	-	17,220	17,220
Other liabilities	598,616	31,054	629,670
Taxes held in escrow	5,196	-	5,196
Portion due or payable within one year			
Bonds payable	3,930,000	-	3,930,000
Notes payable	63,000	-	63,000
Capital lease obligation	47,224	-	47,224
Bond premium, net	112,967	-	112,967
Bond discount, net	(446)	-	(446)
Accumulated compensated absences	221,867	-	221,867
TOTAL CURRENT LIABILITIES	<u>23,412,307</u>	<u>118,377</u>	<u>23,530,684</u>
Long-term liabilities			
Portion due or payable after one year			
Bonds payable	141,130,000	-	141,130,000
Notes payable	204,000	-	204,000
Capital lease obligation	104,200	-	104,200
Bond premium, net	2,470,135	-	2,470,135
Bond discount, net	(8,839)	-	(8,839)
Accumulated compensated absences	1,308,253	-	1,308,253
Net pension liability	177,238,881	3,623,119	180,862,000
Other post-employment benefits liabilities	14,527,018	189,649	14,716,667
TOTAL LONG-TERM LIABILITIES	<u>336,973,648</u>	<u>3,812,768</u>	<u>340,786,416</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	13,064,000	267,000	13,331,000
Deferred amounts related to OPEB	1,148,031	13,646	1,161,677
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>14,212,031</u>	<u>280,646</u>	<u>14,492,677</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,602,421	-	1,602,421
Unrestricted	(143,091,137)	(3,449,792)	(146,540,929)
TOTAL NET POSITION	<u>\$ (141,488,716)</u>	<u>\$ (3,449,792)</u>	<u>\$ (144,938,508)</u>

See accompanying notes to the basic financial statements.

# BRISTOL TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular programs	\$ 52,919,573	\$ 179,068	\$ 8,940,639	\$ -
Special programs	32,695,678	-	8,329,347	-
Vocational education programs	6,974,864	-	121,199	-
Other instructional programs	377,231	-	5,644	-
Non public programs	143,433	-	-	-
Pre-kindergarten programs	733,181	-	700,154	-
Support services				
Pupil personnel services	5,249,420	-	616,499	-
Instructional staff services	4,294,875	-	448,847	-
Administration services	5,657,623	-	611,227	-
Pupil health services	1,438,166	-	418,820	-
Business services	1,275,830	-	139,010	-
Operation and maintenance of plant services	8,420,171	-	641,010	-
Student transportation services	7,241,783	-	2,638,867	-
Central services	683,934	-	38,559	-
Other support services	62,914	-	-	-
Operation of non-instructional services				
Student activities	1,064,304	54,189	104,499	-
Community services	123,790	-	-	-
Loss on disposition of capital assets	1,271,433	-	-	-
Interest on long-term debt	6,717,526	-	-	748,476
Refund of prior year revenues	1,518	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>137,347,247</b>	<b>233,257</b>	<b>23,754,321</b>	<b>748,476</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Food service	3,131,801	591,083	2,184,686	-
<b>TOTAL DISTRICT ACTIVITIES</b>	<b>\$ 140,479,048</b>	<b>\$ 824,340</b>	<b>\$ 25,939,007</b>	<b>\$ 748,476</b>

### GENERAL REVENUES

#### Taxes

Property taxes, levied for general purposes

Real estate transfer, mercantile and other taxes

Grants and contributions not restricted to specific programs

Investment earnings

Rentals

Miscellaneous

#### TRANSFERS

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net Revenue (Expense) and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (43,799,866)	\$ -	\$ (43,799,866)
(24,366,331)	-	(24,366,331)
(6,853,665)	-	(6,853,665)
(371,587)	-	(371,587)
(143,433)	-	(143,433)
(33,027)	-	(33,027)
(4,632,921)	-	(4,632,921)
(3,846,028)	-	(3,846,028)
(5,046,396)	-	(5,046,396)
(1,019,346)	-	(1,019,346)
(1,136,820)	-	(1,136,820)
(7,779,161)	-	(7,779,161)
(4,602,916)	-	(4,602,916)
(645,375)	-	(645,375)
(62,914)	-	(62,914)
(905,616)	-	(905,616)
(123,790)	-	(123,790)
(1,271,433)	-	(1,271,433)
(5,969,050)	-	(5,969,050)
(1,518)	-	(1,518)
(112,611,193)	-	(112,611,193)
-	(356,032)	(356,032)
(112,611,193)	(356,032)	(112,967,225)
87,831,786	-	87,831,786
2,665,892	-	2,665,892
26,856,011	-	26,856,011
1,157,160	-	1,157,160
65,922	-	65,922
75,663	-	75,663
(69,049)	69,049	-
118,583,385	69,049	118,652,434
5,972,192	(286,983)	5,685,209
(147,460,908)	(3,162,809)	(150,623,717)
\$ (141,488,716)	\$ (3,449,792)	\$ (144,938,508)

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>General Fund</u>	<u>Capital Project Funds</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,574,808	\$ 11,778	\$ -	\$ 24,586,586
Investments	20,224,329	-	-	20,224,329
Taxes receivable	4,406,838	-	-	4,406,838
Due from other governments	5,341,883	-	-	5,341,883
Interfund receivable	3,577,382	-	2,393,505	5,970,887
Other receivables	28,700	-	-	28,700
Prepaid items	2,966,112	-	-	2,966,112
<b>TOTAL ASSETS</b>	<b>\$ 61,120,052</b>	<b>\$ 11,778</b>	<b>\$ 2,393,505</b>	<b>\$ 63,525,335</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,713,267	\$ -	\$ -	\$ 2,713,267
Claims and judgements payable	702,327	-	-	702,327
Other payables	131,949	-	-	131,949
Accrued salaries and benefits	14,508,198	-	-	14,508,198
Interfund payable	6,108,673	-	-	6,108,673
Taxes held in escrow	5,196	-	-	5,196
Other current liabilities	466,667	-	-	466,667
Deferred revenue	3,522,008	-	-	3,522,008
<b>TOTAL LIABILITIES</b>	<b>28,158,285</b>	<b>-</b>	<b>-</b>	<b>28,158,285</b>
<b>FUND BALANCES</b>				
Nonspendable	2,966,112	-	-	2,966,112
Restricted for				
Capital projects	-	11,778	-	11,778
Committed to				
Retirement benefits	3,237,285	-	-	3,237,285
Assigned to				
Capital projects	17,000,000	-	2,393,505	19,393,505
Unassigned	9,758,370	-	-	9,758,370
<b>TOTAL FUND BALANCES</b>	<b>32,961,767</b>	<b>11,778</b>	<b>2,393,505</b>	<b>35,367,050</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 61,120,052</b>	<b>\$ 11,778</b>	<b>\$ 2,393,505</b>	<b>\$ 63,525,335</b>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2020**

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 35,367,050
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	149,642,884
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and , therefore, are deferred in the funds.	3,522,008
Deferred outflows and inflows of resources related to pensions, OPEB, and bond refundings are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows related to loss on refunding	2,627,126
Deferred outflows of resources related to pensions	22,260,000
Deferred outflows of resources related to OPEB	1,162,598
Deferred inflows of resources related to pensions	(13,064,000)
Deferred inflows of resources related to OPEB	(1,148,031)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Accrued interest	(510,091)
Bonds and notes payable	(145,327,000)
Bond premiums and discounts	(2,573,817)
Capital leases	(151,424)
Other postemployment benefits	(14,527,018)
Net pension liability	(177,238,881)
Accumulated compensated absences	<u>(1,530,120)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (141,488,716)</u>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Capital Project Funds</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources	\$ 94,023,071	\$ 10,875	\$ 25,915	\$ 94,059,861
State sources	47,545,540	-	-	47,545,540
Federal sources	2,099,740	-	-	2,099,740
<b>TOTAL REVENUES</b>	<u>143,668,351</u>	<u>10,875</u>	<u>25,915</u>	<u>143,705,141</u>
<b>EXPENDITURES</b>				
Instruction	90,763,640	-	-	90,763,640
Support services	33,174,892	23,124	2,908	33,200,924
Operation of non-instructional services	1,161,355	-	-	1,161,355
Facilities acquisition, construction and improvement services	-	1,542,161	1,595,171	3,137,332
Debt service				
Interest	6,365,580	-	-	6,365,580
Principal	3,850,503	-	-	3,850,503
Issuance costs	370,499	-	-	370,499
<b>TOTAL EXPENDITURES</b>	<u>135,686,469</u>	<u>1,565,285</u>	<u>1,598,079</u>	<u>138,849,833</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>7,981,882</u>	<u>(1,554,410)</u>	<u>(1,572,164)</u>	<u>4,855,308</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of bonds	25,040,000	-	-	25,040,000
Payments to bond refunding agent	(24,669,501)	-	-	(24,669,501)
Transfers from other funds	-	-	1,595,171	1,595,171
Transfer to other funds	(1,664,220)	-	-	(1,664,220)
Refund of prior year revenues	(1,518)	-	-	(1,518)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,295,239)</u>	<u>-</u>	<u>1,595,171</u>	<u>299,932</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,686,643	(1,554,410)	23,007	5,155,240
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>26,275,124</u>	<u>1,566,188</u>	<u>2,370,498</u>	<u>30,211,810</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 32,961,767</u>	<u>\$ 11,778</u>	<u>\$ 2,393,505</u>	<u>\$ 35,367,050</u>

*See accompanying notes to the basic financial statements.*

# BRISTOL TOWNSHIP SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 5,155,240
Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.	(4,045,678)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in Governmental Funds.	(316,653)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds. This transaction has no impact on net position. These amounts represent related activity of the current period: General obligation bond	(25,040,000)
Repayment of bond, note and capital lease principal is an expenditure in the governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.	25,760,503
Deferred charges on refunding are recorded as other financing uses in the Governmental funds, the statement of net position includes these amounts as deferred outflows of resources.	2,627,126
Premiums and discounts are amortized over the lives of the bonds in the statement of activities, but are recorded as other financing used in the Governmental Funds. This is the amount of amortization for the current year.	116,306
Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds. This is the amount of the change in the liability for the current year.	(324,269)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds: Pension plan expense OPEB expense	2,370,000 (365,005)
Interest is reported as an expenditure when due in the Governmental Funds, but is accrued on outstanding debt in the statement of activities. This is the amount of the change in the liability for the current year.	<u>34,622</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,972,192</u>

*See accompanying notes to the basic financial statements.*

# BRISTOL TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,970
Due from other governments	33,122
Other receivables	13,165
Interfund receivable	3,715,168
Inventories	96,294
TOTAL CURRENT ASSETS	<u>3,859,719</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pension	456,000
Deferred amounts related to OPEB	23,662
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>479,662</u>
LIABILITIES	
CURRENT LIABILITIES	
Interfund payable	3,577,382
Accrued salaries and benefits	70,103
Unearned revenues	17,220
Deposits payable	31,054
TOTAL CURRENT LIABILITIES	<u>3,695,759</u>
LONG-TERM LIABILITIES	
Net pension liability	3,623,119
Net OPEB liability	189,649
TOTAL LONG-TERM LIABILITIES	<u>3,812,768</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	267,000
Deferred amounts related to OPEB	13,646
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>280,646</u>
NET POSITION	
Unrestricted	\$ <u><u>(3,449,792)</u></u>

See accompanying notes to the basic financial statements.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Enterprise Fund <u>Food Service Fund</u>
OPERATING REVENUES	\$ <u>591,083</u>
OPERATING EXPENSES	
Payroll	1,147,321
Employee benefits	604,523
Supplies	1,305,473
Purchased services	4,352
Other operating expenses	70,132
TOTAL OPERATING EXPENSES	<u>3,131,801</u>
OPERATING LOSS	<u>(2,540,718)</u>
NONOPERATING REVENUES	
State sources	310,686
Federal sources	1,874,000
Transfers from general fund	69,049
TOTAL NONOPERATING REVENUES	<u>2,253,735</u>
CHANGE IN NET POSITION	(286,983)
NET POSITION AT BEGINNING OF YEAR	<u>(3,162,809)</u>
NET POSITION AT END OF YEAR	<u>\$ (3,449,792)</u>

*See accompanying notes to the basic financial statements.*

# BRISTOL TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2020

	Enterprise Fund
	<u>Food Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 655,270
Payments to suppliers	(1,161,564)
Payments to employees	(1,777,945)
NET CASH USED BY OPERATING ACTIVITIES	<u>(2,284,239)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Other funds	247,490
State sources	314,854
Federal sources	1,721,895
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>2,284,239</u>
NET INCREASE (DECREASE) IN CASH	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,970</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,970</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (2,540,718)
Adjustments to reconcile operating loss to net cash used by operating activities	
Pension expense	(48,000)
OPEB expenses	(9,941)
Donated commodities	233,699
(Increase) decrease in assets	
Receivables	64,187
Inventory	(36,849)
Increase (decrease) in liabilities	
Accounts payable	-
Accrued salaries and benefits	31,840
Unearned revenues	6,758
Deposits payable	14,785
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (2,284,239)</u>
<b>SUPPLEMENTAL DISCLOSURES</b>	
Schedule of noncash noncapital financing activities	
Donated commodities received	\$ 233,699
Donated commodities used	\$ 233,699

See accompanying notes to the basic financial statements.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

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	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>92,051</u>
LIABILITIES	
Due to student organizations	\$ <u>92,051</u>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Bristol Township School District have been prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which is in conformity with Accounting Principles Generally Accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**Reporting Entity**

The Bristol Township School District (the "District") is a school district of the Commonwealth of Pennsylvania Department of Education, governed by an elected nine-member school board. The statements reflect all funds and accounts directly under the control of the District. Using the criteria of financial accountability, there are no component units that are or should be included in the District's reporting entity.

The District is comprised of one high school, two middle schools, and three elementary schools. The District's operations are located in the Township of Bristol, Pennsylvania. Its service area is located within the geographic boundaries of the District. The District assesses taxpayers within its service area based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.

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

***Government-Wide Financial Statements***

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The statements distinguish between governmental and business-type activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as an expense against current operations and accumulated depreciation is reported on the statement of net position.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***Fund Financial Statements***

Fund financial statements report detailed information about the District. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Governmental Fund financial statements are accounted for on "the flow of current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded as a fund liability when expected to be paid with expendable available financial resources. The financial statements for Governmental

Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

The Proprietary Fund is accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Fund reports increases and decreases in total economic net worth. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The various funds of the district are grouped into the categories governmental, proprietary, and fiduciary.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Governmental Funds***

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the District's major Governmental Funds:

***General Fund***

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

***Capital Projects Fund***

The Capital Projects Fund accounts for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

***Proprietary Funds***

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary fund are charges to customers for sales and services.

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. All proprietary activities are accounted for using GASB pronouncements as established by GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*. The Proprietary Fund is classified as an Enterprise Fund for the District's Food Service operations. Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations.

***Fiduciary Funds***

Fiduciary Funds are used to account for assets held by the District on behalf of other funds within the district. The Fiduciary Funds are prepared under the economic resources measurement focus and the accrual basis of accounting.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Agency Fund***

Agency Fund consists of activity funds, which are established to account for the receipts and disbursements of various school activities administered for the general welfare of the students. The District retains no equity interest in these funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The organizations exist at the explicit approval of and are subject to revocation by the Board of School Directors. The accounting reflects the District's agency relationship with the student activity organizations.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash, Cash Equivalents and Investments**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and highly-liquid investments with original maturities of less than 90 days and no restrictions on withdrawal.

Statutes authorize the School District to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value or amortized cost, as applicable.

The School District has adopted GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, No. 72, Fair Value Measurement and Application and No. 79 Certain External Investment Pools and Pool Participants. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

**Intergovernmental Receivables/Payables**

During the course of operations, numerous transactions occur between governmental units for payment of services and subsidy payments. These receivables and payables are classified as intergovernmental receivables/payables on the balance sheet.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories**

Inventory of the Food Service Fund is presented at the lower of cost or market. Cost is determined on a first in, first out basis, and is expensed when used.

**Capital Assets**

Capital assets, which include land, buildings, building improvements, and machinery and equipment, are reported in the governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

The District's capitalization level for capital assets is assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Lives</u>
Building and building improvements	20-50 years
Machinery and equipment	5-20 years

**Compensated Absences**

The District employees accumulate sick time in accordance with their applicable contracts.

Any excess vacation days not used by June 30 are converted to sick leave at a rate of \$60 per day for teachers and administrative personnel and \$45 per day for support staff based on probability of retirement or termination. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends.

**Deferred Inflows and Unearned Revenue**

Food Service Fund unearned revenues represent food received in its food service operations that is on hand at June 30, 2020. Such revenues will be recognized when the food commodities are used.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District previously implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows on the statement on net position consist of deferred charges on debt refundings, net of accumulated amortization and the deferred outflows related to pension and OPEB activity. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pension and OPEB activity are reported in the statement of net position and are deferred and recognized as an outflow of resources in the period to which the expense applies.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items, which arise only under a modified accrual basis of accounting that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension and OPEB activity, are reported in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position Flow Assumption**

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

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

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

**Interfund Assets/Liabilities**

For fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

**Equity Classifications**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- ***Net Investment in Capital Assets*** - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
- ***Restricted*** - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted*** - All other net position that does not meet the definition of "investment in capital assets" or "restricted".

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance Classifications**

The Governmental Accounting Standards Board (GASB) released Statement 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) on March 11, 2009 which was effective for the District's fiscal year ending June 30, 2011. This Statement is intended to improve the usefulness of the amounts reported in fund balance by providing more structural classifications. Under GASB 54, fund balance is reported under the following five classifications:

- ***Nonspendable Fund Balance*** - Consists of amounts that are not in a spendable form or are required to be maintained intact. Nonspendable fund balance of \$890,706 represents prepaid expense.
- ***Restricted Fund Balance*** - Consists of amounts that can be spent only for the specific purposed stipulated by external resource providers, constitutionally, or through enabling legislation. The Capital Projects Fund balance reflect amounts that are restricted for construction.
- ***Committed Fund Balance*** - Consists of amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority (the Board of Directors) and do not lapse at year end. The committed fund balance consists of a commitment by the board for future retirement benefits.
- ***Assigned Fund Balance*** - Consists of amounts intended for a specific purpose by the Board of Directors that has been delegated authority to assign amounts. This fund balance classification reflects funds assigned for capital projects.
- ***Unassigned Fund Balance*** - Consists of any remaining fund balance that has not been reported in any other classification.

The Board of School Directors establishes (and modifies or rescinds) fund balance commitments by the passage of a resolution. When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE B - CASH AND INVESTMENTS**

**Cash**

Under Act No. 72 enacted by the general assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Deposit Insurance Corporation.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2020, \$25,336,477 of the District's bank balance of \$25,586,477 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not the District's name	\$ 8,856,380
Uninsured and collateral held in Pennsylvania School District Liquid Asset Fund	991,879
Uninsured and collateral held in Pennsylvania Local Government Investment Trust	<u>15,488,218</u>
	<u>\$ 25,336,477</u>

Of the bank balance, \$250,000 was covered by federal depository insurance. Cash deposits totaling \$991,879 are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and \$15,488,218 are in the Pennsylvania Local Government Investment Trust (PLGIT) are both uninsured. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized organization and is subject to an independent annual audit.

**Investments**

**Credit Risk** - State law permits the School District to invest funds in the following types of investments:

- Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America,
- (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or
- (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The School District's investment policy does not further limit its investment choices. As of June 30, 2020, the School District's investment in the state investment pool was rated AAAM by Standard & Poor's.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE B - CASH AND INVESTMENTS (Continued)**

As of June 30, 2020, the District had the following investments:

Certificates of deposit with Pennsylvania	
Local Government Investment Trust	\$ <u>20,224,329</u>

The School District's investments are in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at June 30, 2020, is \$20,224,329. These assets maintain a stable net asset value of \$1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of June 30, 2020, the School District's investment in the state investment pool was rated AAAM by Standard & Poor's.

**NOTE C - SCHOOL TAXES**

The tax on real estate, as levied by the School Board, was 220.14 mills (\$ 0.22014 per \$1 of assessed valuation) for fiscal year 2019-2020. Assessed valuation of property is established by the Board of Assessments, and the elected or appointed tax collectors are responsible for collection. Real property in the District for the July 1, 2019 levy was assessed at \$419,792,390. The schedule for real estate taxes levied for each fiscal year is as follows:

Levy date .....	July 1
2% discount period.....	July 1 to August 31
Face value period.....	September 1 to October 31
10% penalty period .....	November 1 to December 31
Lien date .....	January 1

For government-wide financial statements, the school district, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable. A portion of the amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following is a summary of interfund activity for the year ending June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,577,382	\$ 6,108,673
Nonmajor Funds	2,393,505	-
Proprietary Fund, Food Service Fund	<u>3,715,168</u>	<u>3,577,382</u>
	<u>\$ 9,686,055</u>	<u>\$ 9,686,055</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 1,664,220	\$ -
Nonmajor Funds	-	1,595,171
Proprietary Fund, Food Service Fund	<u>-</u>	<u>69,049</u>
	<u>\$ 1,664,220</u>	<u>\$ 1,664,220</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in the transfer from the Capital Projects Fund to the General Fund represents accrued interest on bonds as allowed in the bond document.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE E - CAPITAL ASSETS**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 1,324,840	\$ 462,591	\$ -	\$ 1,787,431
Construction in progress	18,079,345	1,831,519	(19,621,950)	288,914
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<u>19,404,185</u>	<u>2,294,110</u>	<u>(19,621,950)</u>	<u>2,076,345</u>
Capital assets being depreciated				
Buildings and improvements	180,696,032	19,959,984	(3,513,531)	197,142,485
Machinery and equipment	10,532,084	514,452	-	11,046,536
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<u>191,228,116</u>	<u>20,474,436</u>	<u>(3,513,531)</u>	<u>208,189,021</u>
Accumulated depreciation				
Buildings and improvements	(49,036,472)	(4,916,253)	2,242,098	(51,710,627)
Machinery and equipment	(7,907,267)	(1,004,588)	-	(8,911,855)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>(56,943,739)</u>	<u>(5,920,841)</u>	<u>2,242,098</u>	<u>(60,622,482)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<u>134,284,377</u>	<u>14,553,595</u>	<u>(1,271,433)</u>	<u>147,566,539</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<u>\$ 153,688,562</u>	<u>\$ 16,847,705</u>	<u>\$ (20,893,383)</u>	<u>\$ 149,642,884</u>

Depreciation expense for Governmental Activities was charged as direct expense to programs of the primary government as follows:

**INSTRUCTION**

Regular programs	\$ 2,435,655
Special programs	1,491,563
Vocational programs	316,300
Other programs	23,580
Pre-kindergarten programs	33,148

**SUPPORT SERVICES**

Pupil personnel services	242,312
Instructional staff services	207,777
Administrative services	261,174
Pupil health	66,192
Business services	58,668
Student transportation services	333,941
Central and other support services	30,352
Operation and maintenance of plant services	365,187

**OPERATION OF NON-INSTRUCTIONAL SERVICES**

<u>54,992</u>
<u>\$ 5,920,841</u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE F - LONG-TERM LIABILITIES**

The following is a summary of governmental long-term liability activity of the District for the year ended June 30, 2020:

Type	Principal Outstanding July 1, 2019	Additions	Repayments	Principal Outstanding June 30, 2020	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Note-2003	\$ 327,000	\$ -	\$ (60,000)	\$ 267,000	\$ 63,000
General obligation bonds					
General Obligation Bond-2013	111,370,000	-	(24,520,000)	86,850,000	2,740,000
General Obligation Bond-2016	9,225,000	-	(300,000)	8,925,000	310,000
General Obligation Bond-2017	25,080,000	-	(750,000)	24,330,000	775,000
General Obligation Bond-2020	-	25,040,000	(85,000)	24,955,000	105,000
<b>TOTAL GENERAL OBLIGATION BONDS</b>	<b>145,675,000</b>	<b>25,040,000</b>	<b>(25,655,000)</b>	<b>145,060,000</b>	<b>3,930,000</b>
Deferred amounts					
Issuance premium	2,699,854	-	(116,752)	2,583,102	112,967
Issuance discount	(9,731)	-	446	(9,285)	(446)
<b>TOTAL DEFERRED AMOUNTS</b>	<b>2,690,123</b>	<b>-</b>	<b>(116,306)</b>	<b>2,573,817</b>	<b>112,521</b>
<b>TOTAL GENERAL OBLIGATION BONDS, net</b>	<b>148,365,123</b>	<b>25,040,000</b>	<b>(25,771,306)</b>	<b>147,633,817</b>	<b>4,042,521</b>
Capital lease obligations	196,927	-	(45,503)	151,424	47,224
Compensated absences	1,205,851	324,269	-	1,530,120	221,867
Net pension liability	182,386,881	-	(5,148,000)	177,238,881	-
Other post employment benefits	14,129,446	397,572	-	14,527,018	-
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES</b>	<b>346,611,228</b>	<b>25,761,841</b>	<b>(31,024,809)</b>	<b>341,348,260</b>	<b>4,374,612</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Other postemployment benefits	190,574	-	(2,925)	187,649	-
Net pension liability	3,728,119	-	(105,000)	3,623,119	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 350,529,921</b>	<b>\$ 25,761,841</b>	<b>\$ (31,132,734)</b>	<b>\$ 345,159,028</b>	<b>\$ 4,374,612</b>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE F - LONG-TERM LIABILITIES (Continued)**

The General Fund has been used to liquidate compensated absences, pension liabilities, and other postemployment benefits in prior years.

The General Obligation Note Series of 2003 has an underlying market value of related interest rate swap of \$43,831. Delaware Valley Regional Finance Authority, the lender, has entered into “underlying” interest rate swap agreements related to its Bonds in order to provide variable and fixed rate loans. The “market value” is the estimated price that the lender would receive or cost it would pay if the lender terminated the portion of the swap agreements related to that loan on June 30, 2020. If the termination value was negative and the related interest rate swap agreement were terminated, the borrower would be obligated to pay the lender the amount of the termination payment. A related interest rate swap agreement may be terminated under the following circumstances:

- (a) the lender and the Counterparty mutually consent to the termination,
- (b) the borrower defaults on its loan, or
- (c) the lender or the Counterparty default or their financial conditions deteriorate to make a default imminent.

The lender would seek to replace the terminated underlying swap agreement with a new agreement with similar terms and conditions. At market value, the loss or gain of the replacement swap should offset the gain or loss from the termination payment. The lender may not be able to secure a replacement interest rate swap if the swap market is not functioning normally or if the lender does not have access to the swap market. The long term, unsecured, senior debt ratings of the lender are currently “A1” and “A+” by Moody’s Investors Service and Standard and Poor’s, respectively.

In 2013, the School District issued General Obligation Bonds Series of 2013 for \$119,665,000. The bonds were for the purpose of construction of the new elementary schools and existing school projects and other capital projects.

In 2016, the School District issued General Obligation Bonds Series of 2016 for \$10,000,000. The bonds were for the purpose of completing the construction and furnishing of new elementary schools and existing school projects, financed in part a roofing project, finance other capital projects, pay capitalized interest on the bonds if necessary, and to pay the costs of issuing the Bonds.

In 2017, the School District issued General Obligation Bonds Series of 2017 for \$26,000,000. The bonds were used for the purpose of renovation, furnishing and equipping, and making additions to the new elementary schools, other various school projects within the School District, and costs associated with the issuance and insuring of the Bonds.

In 2020, the School District issued General Obligation Bonds Series of 2020 for \$25,040,000. The bonds were used for the purpose of refinancing a portion of the School District’s General Obligation Bonds Series of 2013 and to pay the costs of issuing the Bonds.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE F - LONG-TERM LIABILITIES (Continued)**

Bonds and notes payable at June 30, 2020, consisted of:

General Obligation Bonds Series of 2020. Original principal amount of \$25,040,000, maturing June 1, 2043, bearing interest from 2.10% to 3.65%. Interest is paid semi-annually on June 1 and December 1. The bonds were used for the purpose of refinancing a portion of the School District's General Obligation Bonds Series of 2013 and to pay the costs of issuing the Bonds. \$ 24,955,000

General Obligation Bonds Series of 2017. Original principal amount of \$26,000,000, maturing June 30, 2042, bearing interest from 1.60% to 5.00%. Interest is paid semi-annually on June 1 and December 1. The bonds were used for the purpose of renovation, furnishing and equipping, and making additions to the new elementary schools, other various school projects within the School District, and costs associated with the issuance and insuring of the Bonds. 24,330,000

General Obligation Bonds Series of 2016. Original principal amount of \$10,000,000, maturing June 1, 2041, bearing interest from 2.20% to 4.00%. Interest is paid semi-annually on June 1 and December 1. The bonds were for the purpose of completing the construction and furnishing of new elementary schools and existing school projects, financed in part a roofing project, finance other capital projects, pay capitalized interest on the bonds if necessary, and to pay the costs of issuing the Bonds. 8,925,000

General Obligation Bonds Series of 2013. Original principal amount of \$119,665,000, maturing June 1, 2043, bearing interest from 2.756% to 5.25%. Interest is paid semi-annually on June 1 and December 1. The bonds were for the purpose of construction of the new elementary schools and existing school projects and other capital projects. 86,850,000

General Obligation Note Series of 2003. Original principal amount of \$1,000,000, maturing August 25, 2023, bearing a variable interest rate. Interest is paid monthly on the 25th day of each month. The Participant Note was to fund certain capital projects consisting of renovations and additions to the Harry S. Truman Stadium, the payment of interest costs during construction, and the payment of the costs of issuance of the Participant Note. 267,000

**\$ 145,327,000**

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - LONG-TERM LIABILITIES (Continued)**

Principal and interest payments for bonds and notes for the succeeding fiscal years are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,993,000	\$ 6,289,905	\$ 10,282,905
2022	4,125,000	6,151,105	10,276,105
2023	4,263,000	5,988,510	10,251,510
2024	4,426,000	5,820,078	10,246,078
2025	4,555,000	5,669,425	10,224,425
2026-2030	25,790,000	25,345,218	51,135,218
2031-2035	32,035,000	19,093,638	51,128,638
2036-2040	40,235,000	10,896,575	51,131,575
2041-2043	25,905,000	1,893,490	27,798,490
	<u>\$ 145,327,000</u>	<u>\$ 87,147,943</u>	<u>\$ 232,474,943</u>

**Interest Expense**

Interest expense for bonds and notes for the year ended June 30, 2020 was \$6,365,580.

**NOTE G - CAPITAL LEASES**

On August 25, 2014, Bristol Township School District entered into a four-year capital lease agreement for copiers. Payments are made monthly. The implicit interest rate is 6.82%. At the end of the lease, title will pass to Bristol Township School District. The principal amount of the lease is \$39,694. This amount has been added to capital assets and long-term liabilities in the government-wide financial statements. Amortization expense for the equipment is included in depreciation expense.

On August 20, 2013, Bristol Township School District entered into a five-year capital lease agreement for copiers. Payments are made monthly. The implicit interest rate is 3.72%. At the end of the lease, title will pass to Bristol Township School District. The principal amount of the lease is \$198,328. This amount has been added to capital assets and long-term liabilities in the government-wide financial statements. Amortization expense for the equipment is included in depreciation expense.

On June 27, 2018, Bristol Township School District entered into a five-year capital lease agreement for copiers. Payments are made monthly. The implicit interest rate is 9.75%. At the end of the lease, title will pass to Bristol Township School District. The principal amount of the lease is \$237,179. This amount has been added to capital assets and long-term liabilities in the government-wide financial statements.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE G - CAPITAL LEASES (Continued)**

Principal and interest payments for the succeeding fiscal years is as follow:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 47,224	\$ 4,832	\$ 52,056
2022	49,011	3,045	52,056
2023	55,189	1,191	56,380
2024	-	13	13
	<u>\$ 151,424</u>	<u>\$ 9,081</u>	<u>\$ 160,505</u>

Interest expenses for capital leases for the year ended June 30, 2020, was \$6,553.

**NOTE H - OPERATING LEASES**

On February 26, 2019, Bristol Township School District entered into a six-year operating lease agreement for school buses. Lease term is effective July 1, 2019. Payments are made monthly. There is no interest. At the end of the lease, title will remain with the lessor, STA of Pennsylvania, Inc. The total amount of the lease is \$2,632,800.

**NOTE I - PENSION PLAN**

**Public School Employees' Retirement System Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE I - PENSION PLAN (Continued)**

***General Information about the Pension Plan***

**Plan Description**

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for the disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE I - PENSION PLAN (Continued)**

**Contributions**

***Member Contributions***

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

***Employer Contributions***

The school districts' contractually required contribution rate for fiscal year ended June 30, 2020 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$17,566,000 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$180,862,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.3866 percent, which was an decrease of 0.0011 percent from its proportion measured as of June 30, 2019.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE I - PENSION PLAN (Continued)**

For the year ended June 30, 2020, the District recognized pension expense of \$15,147,000. At June 30, 2020, the District 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>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ 976,000	\$ 5,875,000
Changes in assumptions	1,694,000	-
Net difference between projected and actual investment earnings	-	508,000
Changes in proportions	1,807,000	6,681,000
Difference between employer contributions and proportionate share of total contributions	569,000	-
Contributions subsequent to the measurement date	<u>17,214,000</u>	<u>-</u>
	<u>\$ 22,260,000</u>	<u>\$ 13,064,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Difference between expected and actual experience	\$ 20,000	\$ 120,000
Changes in assumptions	35,000	-
Net difference between projected and actual investment earnings	-	10,000
Changes in proportions	37,000	137,000
Difference between employer contributions and proportionate share of total contributions	12,000	-
Contributions subsequent to the measurement date	<u>352,000</u>	<u>-</u>
	<u>\$ 456,000</u>	<u>\$ 267,000</u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE I - PENSION PLAN (Continued)**

\$17,566,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2021	\$ (1,131,000)	\$ (23,000)
2022	(4,683,000)	(96,000)
2023	(1,272,000)	(26,000)
2024	<u>(932,000)</u>	<u>(18,000)</u>
	<u>\$ (8,018,000)</u>	<u>\$ (163,000)</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2019, was determined by rolling forward the System's total pension liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect the PSERS' experience and projected using a modified version of MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I - PENSION PLAN (Continued)**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Finance (LIBOR)	-20.0%	0.7%
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE I - PENSION PLAN (Continued)**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's proportionate share of the net pension liability	\$ <u>225,283,000</u>	\$ <u>180,862,000</u>	\$ <u>143,248,000</u>

**Pension Plan Fiduciary Net Position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Health Insurance Premium Assistance Program**

**Health Insurance Premium Assistance Program**

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS (Continued)**

***Premium Assistance Eligibility Criteria***

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

***Pension Plan Description***

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

***Benefits Provided***

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees

***Employer Contributions***

The school district's contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$442,000 for the year ended June 30, 2020.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2020, the District reported a liability of \$8,222,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.3866 percent, which was an decrease of 0.0011% from its proportion measured as of June 30, 2019.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS (Continued)**

For the year ended June 30, 2020, the District recognized OPEB expense of \$315,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ 45,000	\$ -
Changes in assumptions	267,000	239,000
Net difference between projected and actual investment earnings	14,000	-
Changes in proportions	118,000	400,000
Difference between employer contributions and proportionate share of total contributions	7,000	-
Contributions subsequent to the measurement date	<u>433,000</u>	<u>-</u>
	<u>\$ 884,000</u>	<u>\$ 639,000</u>
	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Difference between expected and actual experience	\$ 1,000	\$ -
Changes in assumptions	5,000	5,000
Net difference between projected and actual investment earnings	-	-
Changes in proportions	2,000	8,000
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to the measurement date	<u>9,000</u>	<u>-</u>
	<u>\$ 17,000</u>	<u>\$ 13,000</u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS (Continued)**

\$442,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2021	\$ (27,000)	\$ (1,000)
2022	(27,000)	(1,000)
2023	(29,000)	(1,000)
2024	(108,000)	(2,000)
2025	1,000	-
Thereafter	<u>2,000</u>	<u>-</u>
	<u>\$ (188,000)</u>	<u>\$ (5,000)</u>

***Actuarial Assumptions***

The Total OPEB Liability as of June 30, 2019, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%.
  - Eligible retirees will elect to participate Post age 65 at 70%.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2017 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.20%
US Core Fixed income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS (Continued)**

***Discount Rate***

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates***

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's proportionate share of the net OPEB liability for June 30, 2019, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ <u>8,221,000</u>	\$ <u>8,222,000</u>	\$ <u>8,223,000</u>

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

	<u>1% Decrease 1.79%</u>	<u>Current Discount Rate 2.79%</u>	<u>1% Increase 3.79%</u>
District's proportionate share of the net OPEB liability	\$ <u>9,367,000</u>	\$ <u>8,222,000</u>	\$ <u>7,274,000</u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS PLAN - PSERS (Continued)**

***OPEB Plan Fiduciary Net Position***

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report, which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS PLAN - SINGLE EMPLOYER PLAN**

**Plan Description**

The School District provides medical and prescription drug insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by School District Supervisors and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District's General Fund.

**Plan Membership** - At June 30, 2019, plan membership consisted of the following:

Active participants	668
Retired participants	<u>259</u>
	<u><u>927</u></u>

**Funding Policy and Funding Status**

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ending June 30, 2020 benefit payments paid as they came due were \$156,197.

**Benefits Provided**

For teachers who reach 25 years of PSERS service and 15 years of service with the District, the Bristol Township Teachers' Health and Welfare Trust will contribute \$75/month toward the cost of medical coverage for a period of 10 years from the date of retirement. All participants must convert to a Medicare Supplemental Plan upon reaching age 65. The member and spouse may also continue dental and vision benefits by paying the full premium for the coverage elected.

For administrators who reach 25 years of PSERS service and ten years of service with the District, the District will contribute \$2,500 per year toward the cost of medical coverage for the member until the member reaches age 65. The member and spouse may also continue dental and vision benefits by paying the full premium for the coverage elected.

For support staff, members can continue medical, dental, and vision coverage by paying the full premium. Members of the Office and Professional Employees Internal Union will be eligible to continue on the group life insurance with a face amount equal to \$10,000. Members of the Transport Workers Union will be eligible to continue on the group life insurance with a face amount equal to \$5,000. The member must pay the full premium at the group rate for coverage.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE K - OTHER POST-EMPLOYMENT BENEFITS PLAN - SINGLE EMPLOYER PLAN**  
**(Continued)**

**Assumptions**

The following assumptions and actuarial methods and calculation were used:

**Discount Rate** - 3.36%, based on S&P Municipal Bon High Grade Rate Index at July 1, 2019.

**Salary** - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increased are composed of 2.5% cost of living adjustment, 1% real wage growth, and for teacher and administrators a merit increase which varies by age from 2.75 to 0%.

**Withdrawal** - Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	2.57%	5.02%	45	1.37%	1.65%
30	2.57%	4.02%	50	1.92%	2.06%
35	1.50%	2.85%	55	3.38%	3.11%
40	1.34%	1.60%	60	5.57%	6.40%

**Mortality** - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

**Disability** - No disability was assumed.

**Retirement** - Assumed retirement rates are based on the PSERS plan experience and vary by age, service and gender.

**Percent of Eligible Retirees Electing Coverage in Plan** - 100% of Administrators, 60% of Teachers, and 35% of the Support Staff are assumed to elect health coverage. 100% of Administrators and 75% of the Support Staff eligible for life insurance are assumed to elect coverage.

**Percent Married at Retirement** - 20% of employees are assumed to be married and a have spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

**Spouse Age** - Wives are assumed to be two years younger than their husbands.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE K - OTHER POST-EMPLOYMENT BENEFITS PLAN - SINGLE EMPLOYER PLAN**  
**(Continued)**

**Per Capita Claims Cost** - Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed not to vary with age or center. The results costs are as follows:

Medical and Prescription Drug Coverage		
Age	Male Rate	Female Rate
45-49	\$ 6,998	\$ 10,107
50-54	9,269	11,423
55-59	11,289	11,953
60-64	14,731	13,731
65+*	18,863	17,576

\*Post 65 claims shown are only applicable for a few retirees over 65 but not receiving Medicare coverage. Post 65 claims for all other individuals are assumed to equal the premium of Medicare Supplement plan that they are enrolled in.

**Life Insurance** - It is assumed that the annual cost to provide life insurance varies by age and gender. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.

**Retiree Contributions** - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

**Health Care Cost Trend Rate** - 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Value of Assets** - Equal to the Market Value of Assets.

**Actuarial Cost Method - Entry Age Normal** - Under the Entry Age Normal Cost Method, the Normal Cost is present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Actuarial Liability.

**Participant Data** - Based on census information as of July 2018. Due to timing of school district turnover, the data is believed to be representative of the population for the 2018-2019 school year.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE K - OTHER POST-EMPLOYMENT BENEFITS PLAN - SINGLE EMPLOYER PLAN**  
**(Continued)**

**Changes in Assumptions** - In the 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

***Changes in the Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ <u>6,237,020</u>
Changes for the year	
Service cost	359,272
Interest cost	194,741
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(183,097)
Benefit payments	<u>(113,269)</u>
Net Changes	<u>257,647</u>
Balance at June 30, 2020	\$ <u><u>6,494,667</u></u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease <u>2.36%</u>	Current Discount Rate <u>3.36%</u>	1% Increase <u>4.36%</u>
Total OPEB Liability	\$ <u><u>6,983,968</u></u>	\$ <u><u>6,494,667</u></u>	\$ <u><u>6,030,776</u></u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS PLAN - SINGLE EMPLOYER PLAN**  
**(Continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>5,828,434</u>	\$ <u>6,494,667</u>	\$ <u>7,281,190</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2020, the School recognized OPEB expense of \$498,161. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>General Fund</u>		<u>Food Service Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 191,343	\$ -	\$ 1,572
Changes in assumptions	127,852	317,688	211	1,074
Contributions subsequent to measurement date	<u>150,746</u>	<u>-</u>	<u>5,451</u>	<u>-</u>
Total OPEB Liability	\$ <u>278,598</u>	\$ <u>509,031</u>	\$ <u>5,662</u>	\$ <u>2,646</u>

\$156,197 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in employee benefit expense as follows:

<u>Year Ending June 30,</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
2021	\$ (55,467)	\$ (385)	\$ (55,852)
2022	(55,467)	(385)	(55,852)
2023	(55,467)	(385)	(55,852)
2024	(55,467)	(385)	(55,852)
2025	(55,465)	(389)	(55,854)
Thereafter	<u>(103,846)</u>	<u>(506)</u>	<u>(104,352)</u>
	\$ <u>(381,179)</u>	\$ <u>(2,435)</u>	\$ <u>(383,614)</u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE L - CONTINGENCIES-CLAIMS OR LITIGATION**

The District is a defendant in a number of threatened and actual legal claims. The ultimate liability that might result from final resolution of the matters is not presently determinable. However, the District believes that the final settlement of these matters will not have a material adverse effect on the financial position of the District.

Certain tax assessment appeals are ongoing. The amount of loss contingency, due to the nature of tax assessment appeals, is not determinable.

**NOTE M - JOINT VENTURES**

The District is a participating member of the Bucks County Technical School (the Votech). The Votech is run by a joint board consisting of school directors from each member district. The board of directors from each member district must approve the Votech's annual operating budget. Each member district pays a private share of the operating costs of the Votech based on the number of students from each district. For the fiscal year ended June 30, 2020, the District's share of the operating costs was \$5,621,136. The Votech prepares financial statements which are available to the public.

**NOTE N - RISK MANAGEMENT**

The District is exposed to various risks of losses 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. There were no significant reductions in insurance coverages for the fiscal year ended June 30, 2020.

**NOTE O - COMMITMENTS**

The District had no commitments under long-term construction contracts as of June 30, 2020.

**NOTE P - DEFEASED DEBT**

In prior years, certain bonds were defeased in substance by placing an amount in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the in-substance defeased bonds are not included in the School District's financial statements.

As of June 30, 2020, the School District has defeased debt outstanding of \$21,910,000.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE Q - RISKS AND UNCERTAINTIES**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to have an effect on daily operations. Financial impact could occur though such potential impact is unknown at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 92,614,667	\$ 92,614,667	\$ 94,023,071	\$ 1,408,404
State sources	45,493,055	45,493,055	47,545,540	2,052,485
Federal sources	2,452,983	2,452,983	2,099,740	(353,243)
<b>TOTAL REVENUES</b>	<u>140,560,705</u>	<u>140,560,705</u>	<u>143,668,351</u>	<u>3,107,646</u>
<b>EXPENDITURES</b>				
Instruction				
Regular programs	51,693,100	51,693,100	51,393,210	299,890
Special programs	33,501,391	33,501,391	31,494,824	2,006,567
Vocational programs	6,423,759	6,423,759	6,677,586	(253,827)
Other instructional programs	722,501	722,501	361,021	361,480
Nonpublic school programs	109,703	109,703	136,948	(27,245)
Pre-kindergarten programs	679,900	679,900	700,051	(20,151)
Support services				
Pupil personnel services	4,848,218	4,848,218	5,103,866	(255,648)
Instructional staff services	4,799,218	4,799,218	4,453,289	345,929
Administration services	6,197,371	6,197,371	5,497,146	700,225
Pupil health services	1,476,367	1,476,367	1,397,894	78,473
Business services	1,258,591	1,258,591	1,238,980	19,611
Operation and maintenance of plant services	8,386,873	8,386,873	7,708,779	678,094
Student transportation services	7,548,854	7,548,854	7,052,391	496,463
Central services	903,648	903,648	659,633	244,015
Other support services	65,000	65,000	62,914	2,086
Operation of non-instructional services				
Student activities	1,226,801	1,226,801	1,043,162	183,639
Community services	139,989	139,989	118,193	21,796
Debt service	10,429,421	10,429,421	10,586,582	(157,161)
<b>TOTAL EXPENDITURES</b>	<u>140,410,705</u>	<u>140,410,705</u>	<u>135,686,469</u>	<u>4,724,236</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>150,000</u>	<u>150,000</u>	<u>7,981,882</u>	<u>7,831,882</u>
<b>OTHER FINANCING USES</b>				
Budgetary reserve	(150,000)	(150,000)	-	150,000
Proceeds from issuance of bonds	-	-	25,040,000	25,040,000
Payments to bond refunding agent	-	-	(24,669,501)	(24,669,501)
Transfers to other funds	-	-	(1,664,220)	(1,664,220)
Refund of prior year revenues	-	-	(1,518)	(1,518)
<b>TOTAL OTHER FINANCING USES</b>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(1,295,239)</u>	<u>(1,145,239)</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	6,686,643	6,686,643
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>26,275,124</u>	<u>26,275,124</u>	<u>26,275,124</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 26,275,124</u>	<u>\$ 26,275,124</u>	<u>\$ 32,961,767</u>	<u>\$ 6,686,643</u>

See accompanying note to the budgetary comparison schedule.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
NOTE TO THE BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020

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**NOTE A - BUDGETARY INFORMATION**

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to January 31, the School Board adopts a proposed operating budget for the fiscal year commencing the following July 1 or adopts a resolution indicating that it will not raise the rate of any tax by more than its index. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
- Public hearings are conducted at the Bristol Township School District building to obtain taxpayer comments.
- Prior to June 30, the budget is legally enacted through passage of an ordinance.
- Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the School Board.
- Budgetary data are included in the District's management information system and are employed as a management control device during the year.
- Budgets for the General Fund are adopted substantially on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.
- Any excess expenditures were funded by available fund balance in the General Fund.

A budget is not required for the Capital Projects or Capital Reserve funds.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE**  
**SHARE OF THE PSERS NET PENSION LIABILITY**  
**LAST SEVEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY	<u>0.3866%</u>	<u>0.3877%</u>	<u>0.3798%</u>	<u>0.4113%</u>	<u>0.4194%</u>	<u>0.4360%</u>	<u>0.4191%</u>
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	<u>\$ 180,862,000</u>	<u>\$ 186,115,000</u>	<u>\$ 187,577,000</u>	<u>\$ 203,827,000</u>	<u>\$ 181,664,000</u>	<u>\$ 172,572,000</u>	<u>\$ 171,564,000</u>
DISTRICT'S COVERED PAYROLL	<u>\$ 53,280,904</u>	<u>\$ 52,210,741</u>	<u>\$ 50,566,841</u>	<u>\$ 53,273,413</u>	<u>\$ 53,963,350</u>	<u>\$ 55,630,884</u>	<u>\$ 53,784,131</u>
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>339.45%</u>	<u>356.47%</u>	<u>370.95%</u>	<u>382.61%</u>	<u>336.64%</u>	<u>310.21%</u>	<u>318.99%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>49.86%</u>	<u>54.36%</u>	<u>57.24%</u>	<u>54.49%</u>

**NOTES TO SCHEDULE**

The District's covered payroll noted above is as of the measurement date of the net pension liability (June 30, 2019, 2018, 2017, 2016, 2015, 2014, and 2013).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS**  
**LAST SEVEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 17,566,000	\$ 17,334,000	\$ 16,451,000	\$ 14,608,000	\$ 13,152,659	\$ 10,837,217	\$ 8,719,939
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>(17,566,000)</u>	<u>(17,334,000)</u>	<u>(16,451,000)</u>	<u>(14,608,000)</u>	<u>(13,152,659)</u>	<u>(10,837,217)</u>	<u>(8,719,939)</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
DISTRICT'S COVERED PAYROLL	\$ <u>53,320,992</u>	\$ <u>53,280,904</u>	\$ <u>52,210,741</u>	\$ <u>50,566,841</u>	\$ <u>53,273,413</u>	\$ <u>53,963,350</u>	\$ <u>55,630,884</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>32.94%</u>	<u>32.53%</u>	<u>31.51%</u>	<u>28.89%</u>	<u>24.69%</u>	<u>20.08%</u>	<u>15.67%</u>

**NOTES TO SCHEDULE**

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

**BRISTOL TOWNSHIP SCHOOL DISTRICT****SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE  
PSERS NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY  
LAST THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY	<u>0.3866%</u>	<u>0.3877%</u>	<u>0.3798%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	<u>\$ 8,222,000</u>	<u>\$ 8,083,000</u>	<u>\$ 7,738,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 53,280,904</u>	<u>\$ 52,210,741</u>	<u>\$ 50,566,841</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>15.43%</u>	<u>15.48%</u>	<u>15.30%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

**NOTES TO SCHEDULE**

The District's covered payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2019, 2018, and 2017).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT**  
**BENEFIT PLAN CONTRIBUTIONS**  
**LAST THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 442,000	\$ 441,000	\$ 430,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>442,000</u>	<u>441,000</u>	<u>430,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>53,320,992</u>	\$ <u>53,280,904</u>	\$ <u>52,210,741</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>0.83%</u>	<u>0.83%</u>	<u>0.82%</u>

**NOTE TO SCHEDULE**

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT**  
**BENEFIT PLAN LIABILITY AND RELATED RATIOS**  
**LAST THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 359,272	\$ 342,926	\$ 335,472
Interest	194,741	201,746	149,537
Changes of assumptions	(183,097)	(211,404)	204,902
Benefit payments	(113,269)	(255,964)	(258,881)
Differences between expected and actual experience	-	(257,219)	-
Changes of benefit terms	-	175,650	-
NET CHANGE IN TOTAL OPEB LIABILITY	<u>257,647</u>	<u>(4,265)</u>	<u>431,030</u>
TOTAL OPEB LIABILITY, BEGINNING	<u>6,237,020</u>	<u>6,241,285</u>	<u>5,810,255</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 6,494,667</u>	<u>\$ 6,237,020</u>	<u>\$ 6,241,285</u>
COVERED PAYROLL	<u>\$ 53,320,992</u>	<u>\$ 53,280,904</u>	<u>\$ 52,210,741</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>12.18%</u>	<u>11.71%</u>	<u>11.95%</u>

**NOTES TO SCHEDULE**

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated. The percent married at retirement was lowered from 30% to 20%. In the 2017 actuarial valuation, the discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

## **SUPPLEMENTARY INFORMATION SECTION**

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

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	<u>Pepsi</u>	<u>Capital Reserve</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Interfund receivable	\$ <u>484,546</u>	\$ <u>1,908,959</u>	\$ <u>2,393,505</u>
FUND BALANCE			
Assigned			
Capital projects	\$ <u>484,546</u>	\$ <u>1,908,959</u>	\$ <u>2,393,505</u>

*See accompanying notes to the basic financial statements.*

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Pepsi</u>	<u>Capital Reserve</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Local sources	\$ 13,706	\$ 12,209	\$ 25,915
<b>EXPENDITURES</b>			
Support services	2,908	-	2,908
Capital outlay	-	1,595,171	1,595,171
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>10,798</u>	<u>(1,582,962)</u>	<u>(1,572,164)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	1,595,171	1,595,171
<b>NET CHANGE IN FUND BALANCES</b>	10,798	12,209	23,007
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>473,748</u>	<u>1,896,750</u>	<u>2,370,498</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 484,546</u>	<u>\$ 1,908,959</u>	<u>\$ 2,393,505</u>

*See accompanying notes to the basic financial statements.*

***Independent Auditors' 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***

To the Board of School Directors  
Bristol Township School District  
Levittown, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bristol Township School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Bristol Township School District's basic financial statements, and have issued our report thereon dated December 30, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Bristol Township School District'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 Bristol Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bristol Township School District'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.

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

To the Board of School Directors  
Bristol Township School District

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Bristol Township School District'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.

Maillie LLP

Limerick, Pennsylvania  
January 6, 2021

***Independent Auditors' Report on Compliance for Each Major Federal Program;  
and Report on Internal Control Over Compliance With the Uniform Guidance***

To the Board of School Directors  
Bristol Township School District  
Levittown, Pennsylvania

***Report on Compliance for Each Major Federal Program***

We have audited the Bristol Township School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Bristol Township School District's major federal programs for the year ended June 30, 2020. Bristol Township School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Bristol Township School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bristol Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Bristol Township School District's compliance.

To the Board of School Directors  
Bristol Township School District

***Opinion on Each Major Federal Program***

In our opinion, the Bristol Township School District 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 June 30, 2020.

***Report on Internal Control Over Compliance***

Management of the Bristol Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Bristol Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bristol Township School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Purpose of this Report***

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.



Limerick, Pennsylvania  
January 6, 2021

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL  
AWARD PROGRAMS AUDIT**

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**CERTAIN STATE GRANTS**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed through the Pennsylvania Department of Education</b>				
Title I Grants to Local Educational Agencies	I	84.010	013-190049	October 29, 2018 to September 30, 2020
Title I Grants to Local Educational Agencies	I	84.010	013-200049	August 22, 2019 to September 30, 2020
TOTAL TITLE I				
Improving Teacher Quality State Grants	I	84.367	020-190049	October 29, 2018 to September 30, 2019
Improving Teacher Quality State Grants	I	84.367	020-200049	August 22, 2019 to September 30, 2020
TOTAL TITLE II				
English Language Acquisition State Grants	I	84.365	010-190049	October 29, 2018 to September 30, 2020
English Language Acquisition State Grants	I	84.365	010-200049	August 22, 2017 to September 30, 2020
TOTAL TITLE III				
Student Support and Academic Enrichment Program	I	84.424	144-180049	August 14, 2017 to September 30, 2018
Student Support and Academic Enrichment Program	I	84.424	144-190049	October 29, 2018 to September 30, 2020
Student Support and Academic Enrichment Program	I	84.424	144-200049	August 22, 2019 to September 30, 2020
TOTAL TITLE IV				
<b>Passed through the Bucks County Intermediate Unit #22</b>				
Special Education Grants to States	I	84.027	062-20-0-022	July 1, 2019 to September 30, 2020
Special Education Preschool Grants	I	84.173	131-18-0-022	July 1, 2018 to September 30, 2019
Special Education Preschool Grants	I	84.173	131-19-0-022	July 1, 2019 to September 30, 2020
TOTAL SPECIAL EDUCATION CLUSTER				
TOTAL U.S. DEPARTMENT OF EDUCATION (FORWARD)				

**Footnotes:**

- (A) Total amount of donated foods received from Department of Agriculture.
- (B) Beginning inventory at July 1, 2019.
- (C) Total amount of donated foods used.
- (D) Ending inventory at June 30, 2020.

**Source Codes:**

- I = Indirect funding
- S = State funding

<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2019</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2020</u>	<u>Passed Through to Sub-Recipients</u>
\$ 1,688,421	\$ 425,849	\$ 169,289	\$ 184,384	\$ 184,384	\$ (72,176)	\$ -
1,661,165	<u>949,289</u>	<u>-</u>	<u>1,676,994</u>	<u>1,676,994</u>	<u>727,705</u>	<u>-</u>
	<u>1,375,138</u>	<u>169,289</u>	<u>1,861,378</u>	<u>1,861,378</u>	<u>655,529</u>	<u>-</u>
265,084	44,424	44,424	-	-	-	-
247,591	<u>247,591</u>	<u>-</u>	<u>24,157</u>	<u>24,157</u>	<u>(223,434)</u>	<u>-</u>
	<u>292,015</u>	<u>44,424</u>	<u>24,157</u>	<u>24,157</u>	<u>(223,434)</u>	<u>-</u>
60,561	25,234	(17,895)	29,054	29,054	(14,075)	-
61,203	<u>34,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,973)</u>	<u>-</u>
	<u>60,207</u>	<u>(17,895)</u>	<u>29,054</u>	<u>29,054</u>	<u>(49,048)</u>	<u>-</u>
36,174	2,584	2,467	117	117	-	-
114,201	47,584	(17,888)	55,153	55,153	(10,319)	-
126,368	<u>81,237</u>	<u>-</u>	<u>6,531</u>	<u>6,531</u>	<u>(74,706)</u>	<u>-</u>
	<u>131,405</u>	<u>(15,421)</u>	<u>61,801</u>	<u>61,801</u>	<u>(85,025)</u>	<u>-</u>
1,536,047	1,536,047	-	1,536,047	1,536,047	-	-
4,620	4,620	-	4,620	4,620	-	-
5,010	<u>-</u>	<u>-</u>	<u>5,010</u>	<u>5,010</u>	<u>5,010</u>	<u>-</u>
	<u>1,540,667</u>	<u>-</u>	<u>1,545,677</u>	<u>1,545,677</u>	<u>5,010</u>	<u>-</u>
	<u>\$ 3,399,432</u>	<u>\$ 180,397</u>	<u>\$ 3,522,067</u>	<u>\$ 3,522,067</u>	<u>\$ 303,032</u>	<u>\$ -</u>

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**CERTAIN STATE GRANTS**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates
TOTAL U.S. DEPARTMENT OF EDUCATION (FORWARDED)				
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Passed through the Pennsylvania Department of Public Welfare</b>				
Medical Assistance Program	I	93.778	044-007049	July 1, 2019 to June 30, 2020
TOTAL MEDICAID CLUSTER				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	I	93.079	MO#1733230	July 1, 2018 to June 30, 2019
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed through the Pennsylvania Department of Education</b>				
National School Lunch Program	I	10.555	N/A	July 1, 2019 to June 30, 2020
School Breakfast Program	I	10.553	N/A	July 1, 2019 to June 30, 2020
<b>Passed through the Pennsylvania Department of Agriculture</b>				
National School Lunch Program	I	10.555	N/A	July 1, 2018 to June 30, 2019
TOTAL CFDA 10.555				
TOTAL CHILD NUTRITION CLUSTER				
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
<b>CERTAIN STATE GRANTS</b>				
<b>Passed through the Pennsylvania Department of Education</b>				
National School Lunch Program - State	S	N/A	N/A	July 1, 2019 to June 30, 2020
PA Pre-K Counts	S	N/A	130-180009	July 1, 2018 to June 30, 2019
PA Pre-K Counts	S	N/A	130-190009	July 1, 2019 to June 30, 2020
Ready to Learn Block Grant	S	N/A	N/A	July 1, 2019 to June 30, 2020
Safe Schools Initiative Comp. Target Equipment Grant	S	N/A	FC#:4100083680	July 1, 2018 to June 30, 2019
PCCD Grant	S	N/A	2018-SS-03-29751	November 1, 2018 to October 31, 2019
PASmart Targeted Computer Science & STEM Education	S	N/A	153-180201	February 1, 2019 June 30, 2020
TOTAL CERTAIN STATE GRANTS				
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS				
LESS STATE SHARE				
TOTAL FEDERAL AWARDS				

*See accompanying notes to the schedule of expenditures of federal awards and certain state grants.*

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2019	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2020	Passed Through to Sub-Recipients
	\$ 3,399,432	\$ 180,397	\$ 3,522,067	\$ 3,522,067	\$ 303,032	\$ -
\$ -	57,131	-	57,131	57,131	-	-
	57,131	-	57,131	57,131	-	-
5,000	-	(3,859)	1,220	1,220	(2,639)	-
	57,131	(3,859)	58,351	58,351	(2,639)	-
N/A	1,400,370	96,074	1,323,879	1,323,879	19,583	-
N/A	321,525	17,411	316,423	316,423	12,309	-
N/A	233,700 (A)	(10,462) (B)	226,942	226,942 (C)	(17,220) (D)	-
	1,634,070	113,485	1,640,302	1,640,302	31,892	-
	1,955,595	103,023	1,867,244	1,867,244	14,672	-
	1,955,595	103,023	1,867,244	1,867,244	14,672	-
N/A	79,490	5,399	75,322	75,322	1,231	-
680,000	-	(1,405)	1,405	1,405	-	-
700,000	641,333	-	698,646	698,646	57,313	-
1,029,712	1,029,712	-	1,029,712	1,029,712	-	-
24,788	-	24,788	-	-	24,788	-
169,000	144,000	-	122,850	122,850	(21,150)	-
34,990	34,990	-	32,397	32,397	(2,593)	-
	1,929,525	28,782	1,960,332	1,960,332	59,589	-
	7,341,683	308,343	7,407,994	7,407,994	374,654	-
	(1,929,525)	(28,782)	(1,960,332)	(1,960,332)	(59,589)	-
\$	\$ 5,412,158	\$ 279,561	\$ 5,447,662	\$ 5,447,662	\$ 315,065	\$ -

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS AND CERTAIN STATE GRANTS  
YEAR ENDED JUNE 30, 2020

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**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and certain state grants (the Schedule) includes the federal award activity of Bristol Township School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Bristol Township School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bristol Township School District.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The School District uses the modified accrual basis of accounting to report federal grants from the U.S. Department of Education. The School District uses the accrual basis of accounting to report grants under the National School Lunch Program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

Bristol Township School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE D - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**BRISTOL TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

**Federal Awards**

Internal control over major programs:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance: **No**

Identification of major programs:

<u>Program</u>	<u>CFDA</u>
Child Nutrition Cluster	10.553, 10.555

The threshold used for distinguishing Types A and B programs was \$750,000.

Auditee qualified as a low-risk auditee: **Yes**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.