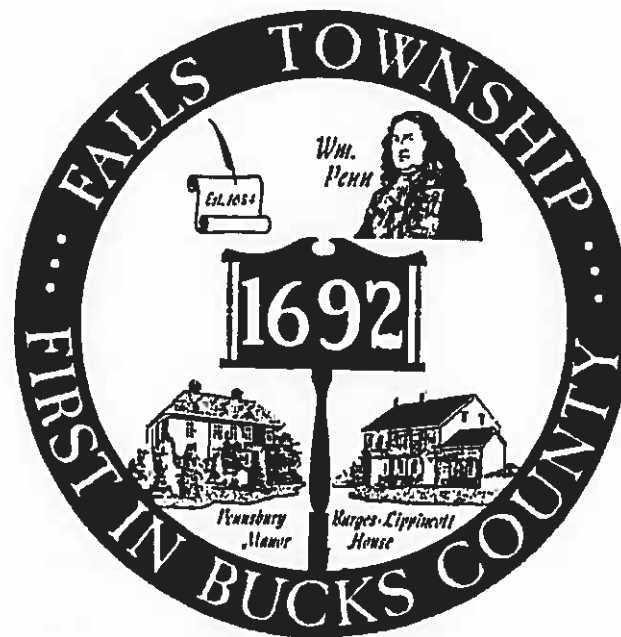


Township of Falls County of Bucks, Pennsylvania

“326 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018



Prepared by Jean E. Reukauf
Finance Director

TOWNSHIP OF FALLS
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2018

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TOWNSHIP OF FALLS
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INTRODUCTORY SECTION

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Township of Falls

BUCKS COUNTY, PA



188 Lincoln Highway
Suite 100
Fairless Hills, PA 19030
(215) 949-9000

E-Mail: admin@fallstwp.com
Website: www.fallstwp.com

August 30, 2019

Board of Supervisors

Jeff Boraski
Jeffrey E. Dence
Brian M. Galloway
Robert J. Harvie, Jr.
Jeffrey Rocco

To the Board of Supervisors and the Citizens of Falls Township:

The Comprehensive Annual Financial Report of the Township of Falls, Bucks County, Pennsylvania for the year ended December 31, 2018 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2018, and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared by the Township's Finance Department in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by Major & Mastro, LLC, Certified Public Accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Township of Falls.

The organization, form, and contents of this Comprehensive Annual Financial Report and the accompanying financial statements and the statistical tables were prepared in accordance with standards established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers' Association (GFOA), the American Institute of Certified Public Accountants (AICPA), and the Second Class Township Code of the Commonwealth of Pennsylvania.

U.S. generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designated to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Financial Entity

The Township of Falls provides a full range of municipal services including police and fire protection, construction and maintenance of streets and storm sewers, recycling, residential solid waste pickup, zoning regulations, building inspections, park and recreational activities, and maintenance and replacement of streetlights. In addition to general government activities, the governing body has a fiduciary responsibility for pension trust funds and agency trust funds. Contributions to Fire Companies, Rescue Squads and the Library serving Falls Township residents are funded through real estate tax levies.

General Information

The Township of Falls is a Township of the Second Class under Pennsylvania law. The governing body of the Township is the Board of Supervisors which is comprised of five (5) members who are elected at large and serve six (6) year terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations, awarding bids and contracts, and making appointments to various boards and commissions. The chief executive officer of the Township is the Township Manager who is appointed by the Board of Supervisors. The Township Manager is responsible for implementing ordinances and resolutions of the Board, supervising the administration of all departments and boards, and preparing and submitting the annual budget and capital improvement programs for the Township.

The Township of Falls, incorporated July 27, 1692, encompasses approximately 26.5 square miles of the southeastern corner of Bucks County, Pennsylvania between the larger cities of Trenton, New Jersey and Philadelphia, Pennsylvania (6 miles and 9 miles apart, respectively) and is bordered by Tullytown Borough, Middletown Township, Lower Makefield Township, Morrisville Borough and the Delaware River with the State of New Jersey on the opposite side of the river. The Township and neighboring municipalities are closely related in terms of both economics and physical development and are served in some cases by the same highways, water lines and sewer lines. The 2010 U.S. Census reports a population of 34,300.

The Township is principally residential, commercial, and industrial in character. There are several major retail shopping areas in the Township, most notable of which are the Court at Oxford Valley and the Fairless Hills Shopping Center. Jefferson Health's Bucks County Campus, one of three major hospitals that serve the Lower Bucks County area, is in Falls Township.

The Falls Township Police Department is a full-service police agency, providing all police services within our community. The agency embraces the concept of Community Policing and emphasizes problem-oriented policing. They work in partnership with the community, addressing all issues affecting our citizens. The department is also an accredited police department under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission receiving the status in 2003. This accreditation was the first in Bucks County and the twelfth in the Commonwealth of Pennsylvania. The department followed procedures for recertification in April 2015 and was able to retain the accreditation status for an additional three years. The Chief of Police and four Lieutenants oversee the operations of 47 full time police officers assigned to the Patrol, Detectives and Community Partnership Units and 6 civilian employees ranging from Animal Control to Clerical to Court Liaison. The department also has a fleet of 54 police vehicles.

The Falls Township Police K9 Unit was started in 2002. It consisted of Lt. Ward and his K9 partner Dante, then Sgt. Beauchmin and his K9 partner Jessie. Today, the K9 unit consists of four teams. They are: Ofc. Elmore and his K9 partner Monty along with Ofc. Fisher and his K9 partner Leo both explosives detection teams, and Ofc. Langan and his K9 partner Tag along with Ofc. Lundquist and his K9 partner Zico both narcotic detection teams. All K9s are patrol trained. Monty, Leo, and Tag are Belgian Malinois, and Zico is a German Shepherd. To date, they have successfully apprehended and tracked numerous felons as well as finding lost persons. They have participated in many successful searches and seizures. Throughout every year, the officers conduct several K9 demonstrations and go to schools to teach students about safety and law enforcement. Having a K9 unit in Falls Township has not only protected the public but kept the officers safe as well.

The Pennsbury School District administrative offices are located within Falls Township. Pennsbury High School campus, east and west, and six grade schools serve the community with an approximate enrollment of 10,342. The district provides educational services to Falls Township and three neighboring municipalities. The school district has been named a model high school by the Federal Department of Education. Education from nursery school through the eighth grade is also provided by the Pen Ryn School, a private school within the Township's boundaries.

The Fire Marshal's department continually strives to achieve goals in fire safety and environmental concerns. The department is continuing to upgrade its operations by expanding its radio system for

emergency management and municipal use. This radio system is also used as a backup for the police department in the event the County's radio system goes down. An ongoing project in the department includes an Emergency Preparedness Planning and training of various hotel/motel and business operators in the event of an emergency. This project helps both the responders and the community by gathering and distributing contact information before emergencies happen and training entities in the procedures to follow until rescue services arrive. The department also uses the Fire Safety Trailer for community functions to promote safety awareness for children and adults. The trailer simulates smoke in a home and fire officials train citizens what to do in the event of a fire and how to exit the home. They also distribute fire related materials, smoke detectors and offer free safety inspections. This department is made up of the fire marshal, one part-time and two full-time inspectors, and one secretary.

Falls Township is served by three volunteer Fire Companies – Falls Fire Company, Levittown Fire Company and the Fairless Hills Fire Company. The Township is also served by two Rescue Squads – the Levittown Fairless Hills Rescue Squad and Capital Health EMS. These agencies provide professional emergency services to Falls Township twenty-four hours a day and seven days a week as well as serving neighboring communities in Pennsylvania and New Jersey, when requested. All agencies receive financial aid from tax dollars contributed by the Township (a total of \$528,440 in support for 2018) although tax funding covers only a portion of their operating costs. Most of the funding for operations comes from individual contributions via fund drives and other fund-raising events. On average, one hundred individuals volunteer for the Fire Companies and seventy volunteer at the Rescue Squads.

The Falls Township Parks and Recreation Department oversees sixteen parks which contain playgrounds, athletic fields, tot lots, basketball courts, gardens, trails and pavilions encompassing over 408 acres. Our parks are also home to: the Challenger Field at the Levittown Continental Little League field located off of Mill Creek Road, which provides our special needs youths a fully accessible baseball field; an Inclusive Playspace on Phase I of the Township Community Park, which is completely accessible for anyone using a wheelchair or walker, allowing children of any ability to play; and, a boat ramp located in Quaker Penn Park, which provides area boaters access to the Delaware River. These parks and facilities are maintained by the Township's Public Works department, a Park Security staff patrols the Falls Community Park, and overall supervision is provided by the Parks and Recreation Department. This department also provides year-round programs and activities for residents.

In addition to the parks, the Parks and Recreation Department oversees operations at the Pinewood Pool. The pool was fully renovated in 2003, transforming a forty-year-old pool into a state-of-the-art facility designed for the safety and enjoyment of all swimmers. This pool provides entertainment for the community at extremely reasonable prices while maintaining the finest amenities. A new water slide was installed on the pool property in 2010. The wading pool underwent complete re-plastering and tilework in 2014, and the main pool underwent that same process prior to the season opening in 2016.

Economic Conditions and Outlook

The Township of Falls' initial growth was due largely to the location of the United States Steel plant in the Township in March of 1951. On 3,800 acres of farmland, the steel plant, referred to as the Fairless Works, employed 9,000 to 10,000 individuals from Falls Township and its surrounding communities. To accommodate the migration of steelworkers to Falls Township, Danhurst Corporation developed 1,100 single-family homes and William Levitt developed 4,000 single-family homes increasing the township's population from 3,000 to 30,000 residents. The Danhurst development was named Fairless Hills and the Levitt development called Levittown. Land values rose rapidly, enticing farmers to sell their land to developers.

From 1950 through the 1970s, the township experienced significant commercial development due largely to the mill operations. The Fairless Hills Shopping Center, along with several strip malls, was built to accommodate the needs of the growing population. Unfortunately, in 1973, the steel making operations at the Fairless Works began a steady decline. The downturn had a devastating effect on the Township's economy.

In the southern portion of Falls Township, the Warner Company developed a 46-acre landfill and began operations in August of 1970. The Warner Company, through its subsidiary Geological Reclamation Operations and Waste Systems, Inc. (G.R.O.W.S.), was issued permits to operate a solid waste disposal facility in the Morrisville section of the Township. The facility, which was subsequently sold to Waste Management, Inc., has expanded to approximately 752.8 acres since operations began. These operations provide the Township, as the host community, with waste disposal tonnage fees and benefit the residents through refuse removal and recycling pick up at no charge based on Solid Waste Agreements negotiated by Township Officials.

In 1991, a Development Agreement was signed with Wheelabrator Falls Inc., a subsidiary of Waste Management, Inc., to permit the construction of the first recycling and energy recovery facility in Bucks County. Operations began in May of 1994 providing the Township with an additional revenue stream of per ton fees for refuse delivered to the plant.

Over the past twenty-three years, the Township has experienced renewed economic growth due to the redevelopment of the former Fairless Works site. Although the major steel operations are no longer continuing, the sections of land previously occupied by the mill are being subdivided and redeveloped into building lots with several large industries locating, or in the process of locating, at this site.

In 2004, a large portion of the former Fairless Works site was designated a Keystone Opportunity Improvement Zone (KOIZ). This designation was approved by Falls Township, Pennsbury School District and Bucks County. As a KOIZ designated area, fifteen-year tax abatement is granted to make the former mill site more attractive to businesses opting to relocate into Falls Township. United States Steel Corporation has renamed the site the Keystone Industrial Port Center (KIPC). Some of the companies now located there include: CSC Sugar, Reed Minerals, Air Products, Sika Corporation, Dominion Power, Toll Brothers, International Salt, Kinder Morgan, Excelon, A.L. Patterson, Abington Reldon, Hiossen, Mount Materials, Four Seasons Trucking, GMA Garnet, U.S. Steel Galvanizing, Kelly Pipe, Covanta, Fox Railroad Construction, and Mazza/Resource Recycling.

One of the standards used by the financial industry to determine the financial condition of a municipality is an examination of the entity's ability to borrow funds. As of December 31, 1991, the Township could legally borrow up to \$5 million dollars. As of December 31, 2018, the Township is legally able to borrow in excess of \$69 million dollars. The Board of Supervisors has not incurred debt since January 1, 1992 and has no plans to borrow funds in the future.

Long-Term Financial Planning

The Township continues to maintain a long-term restricted savings account designed to be available when tipping fees from the landfill, operated by Waste Management, are no longer received. By December 31, 2018, the Township had approximately \$33,000,000 in the account with an additional \$2 million deposited in early 2019. With aggressive savings and competitive interest rates, it is anticipated that the interest earned can assist the General Fund with a revenue stream on an annual basis achieving the Township's goal of funding operating costs long after tipping fees have ceased.

The 2006 sale of the Township's Water and Sewer department created a \$15,000,000 receivable from the Township of Falls Authority (TOFA). In the years leading up to the sale, the cost of purchasing water and the sale of wastewater had become increasingly expensive. Coupled with the cost of operating expenses, it became apparent the best interest of the Township was to form the Authority to allow autonomy in increasing rates for customer billing. TOFA repaid the Township in full on September 21, 2011, well in advance of the balloon principle due date of December 31, 2011.

Relevant Financial Policies

Internal Control Structure: Management of the Township is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Township are protected from loss, theft or misuse, that transactions are executed in accordance with management's integrity, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budgeting Controls: The annual budget is the financial blueprint for Falls Township. By documenting the allocation of funds, the budget reflects the policies and projects that are priorities to the Township. As per section 3201 of the Second-Class Township Code, the Township's fiscal year begins on the first day in January and ends on December 31st of that calendar year. Generally, a proposed budget for the ensuing fiscal year is approved by the Board of Supervisors in mid-December. The Second-Class Township Code permits the Board to amend the budget following any municipal election. The amended budget must then be adopted by February 15th and no proposed amended budget shall, before final adoption, be revised upward in excess of 10% in the aggregate or in excess of 25% of the amount of any major category. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by departmental classification.

The Township also maintains an encumbrance accounting system as an additional technique of budgetary control. Encumbrances outstanding at year-end are liquidated.

Major Initiatives

During 2018, the Township continued its participation in the Bucks County Consortium of Municipalities. The Consortium is comprised of all municipalities in Bucks County that employ professional management staff. The goal of the Consortium is to encourage inter-municipal cooperation in such areas as purchasing of materials and supplies, household hazardous waste collection and disposal, and personnel related matters.

Fiscal year 2018 marks the sixteenth year of the Township's participation in the NPDES (National Pollution Discharge Elimination System) Phase II. This is a program mandated by the Commonwealth of Pennsylvania. The Township continues to enforce all requirements associated in accordance with NPDES.

Also, in 2018, the Township planned for the full depth reconstruction of Walton Drive, Share Drive, and Lions Drive and the mill and overlay of Biles Lane, Island Street, Third Street, Wheatsheaf Road. Full depth reconstruction historically has consisted of new curbs, driveway aprons, various sidewalks, storm sewer pipes and the roadway itself. The Township is nearing completion of its goal, begun in the early 1990's, of the reconstruction of all Township-owned roadways. The Township anticipates completion of its road program within the next four years.

Other Information

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2018 is the firm of Major & Mastro, LLC. The independent auditor's report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the Financial Section of this report. Major & Mastro, LLC has issued an unmodified opinion for the year ended December 31, 2018.

Certificate of Achievement

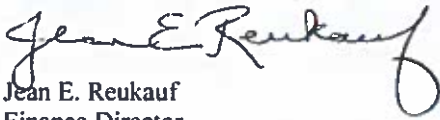
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Falls for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the twentieth consecutive year that the Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the Township published an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Township believes the current report continues to conform to the Certificate of Achievement program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the 2018 Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Members of the Administration, Code Enforcement, Zoning, Fire Marshal, Parks and Recreation, Public Works, and Police departments who assisted and contributed to the preparation of this report have my sincere appreciation for their contributions. Due credit should be given as well to the Board of Supervisors for their interest, support and leadership in planning and conducting the operations of the Township in a responsible and progressive manner. Without their support, the preparation of this report would not have been possible.

Respectfully Submitted,



Jean E. Reukauf
Finance Director
August 30, 2019



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Township of Falls
Pennsylvania**

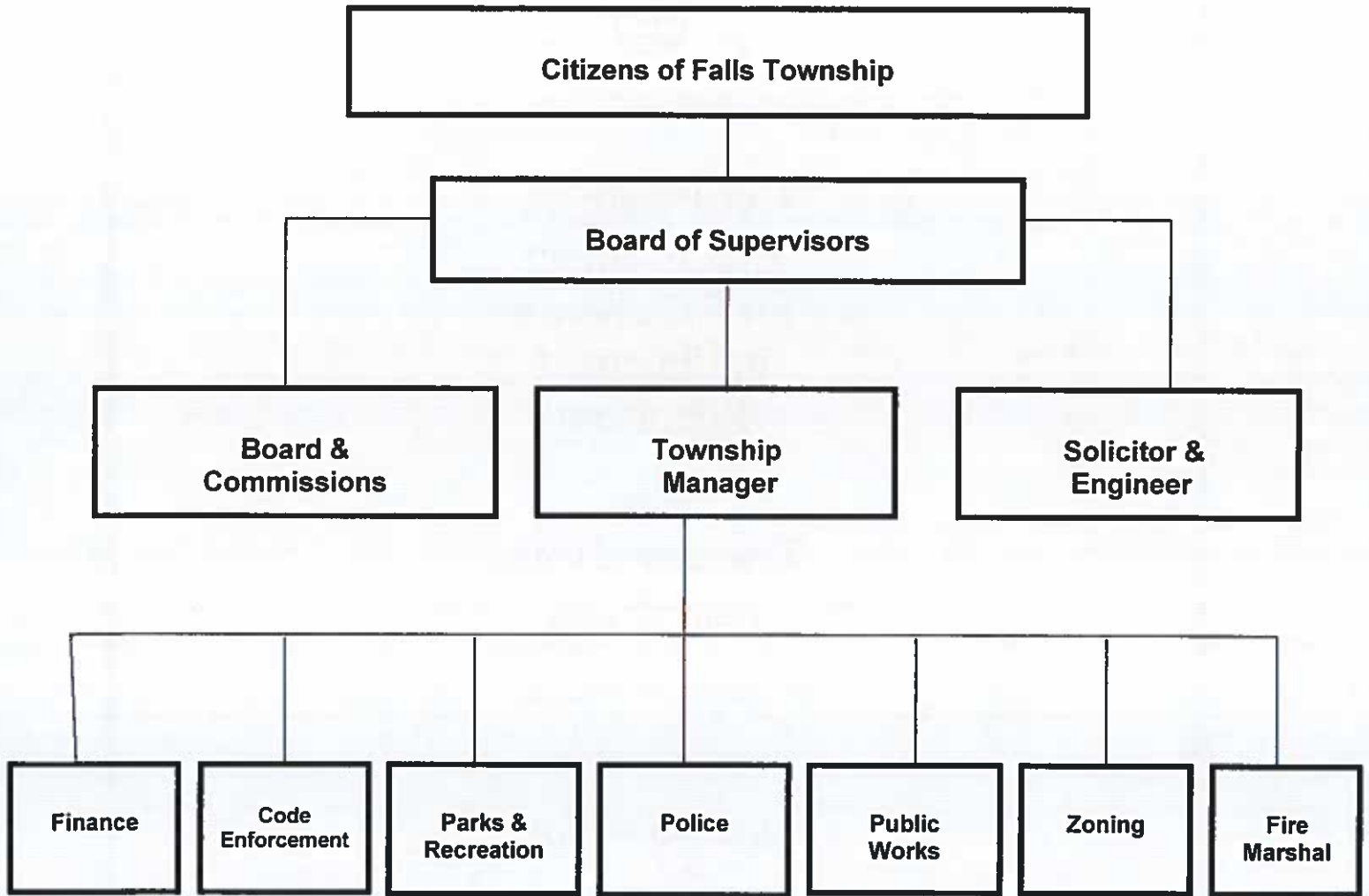
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

**Falls Township
Organizational Chart**



Appointed Citizen Advisory Boards and Commissions

- | | |
|--|-----------------------------------|
| Board of Auditors | Cable Advisory Board |
| Environmental Advisory Council | Board of Appeals |
| Disabled Persons Advisory Board | Parks and Recreation Board |
| Planning Commission | Zoning Hearing Board |
| Police Pension Committee | Shade Tree Commission |
| Historic Preservation Commission | |
| Neighborhood Traffic Advisory Committee | |
| Community and Economic Development Commission | |

2018 BOARD OF SUPERVISORS

Robert J. Harvie, Jr., Chairperson

Jeffrey E. Dence, Vice Chairperson

Jeffrey Rocco, Secretary/Treasurer

Brian M. Galloway, Member

Jeff Boraski, Member

CURRENT EXECUTIVE OFFICIALS

Peter F. Gray, Township Manager

Lauren Gallagher, Esq., Township Solicitor

Joseph G. Jones, PE, CFM, Township Engineer

William Wilcox, Police Chief

Jean E. Reukauf, Finance Director

Richard Dippolito, Fire Marshal

Jason R. Lawson, Public Works Director

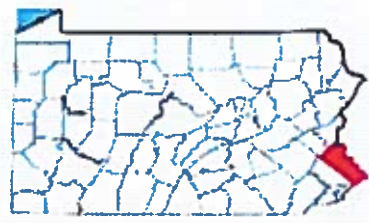
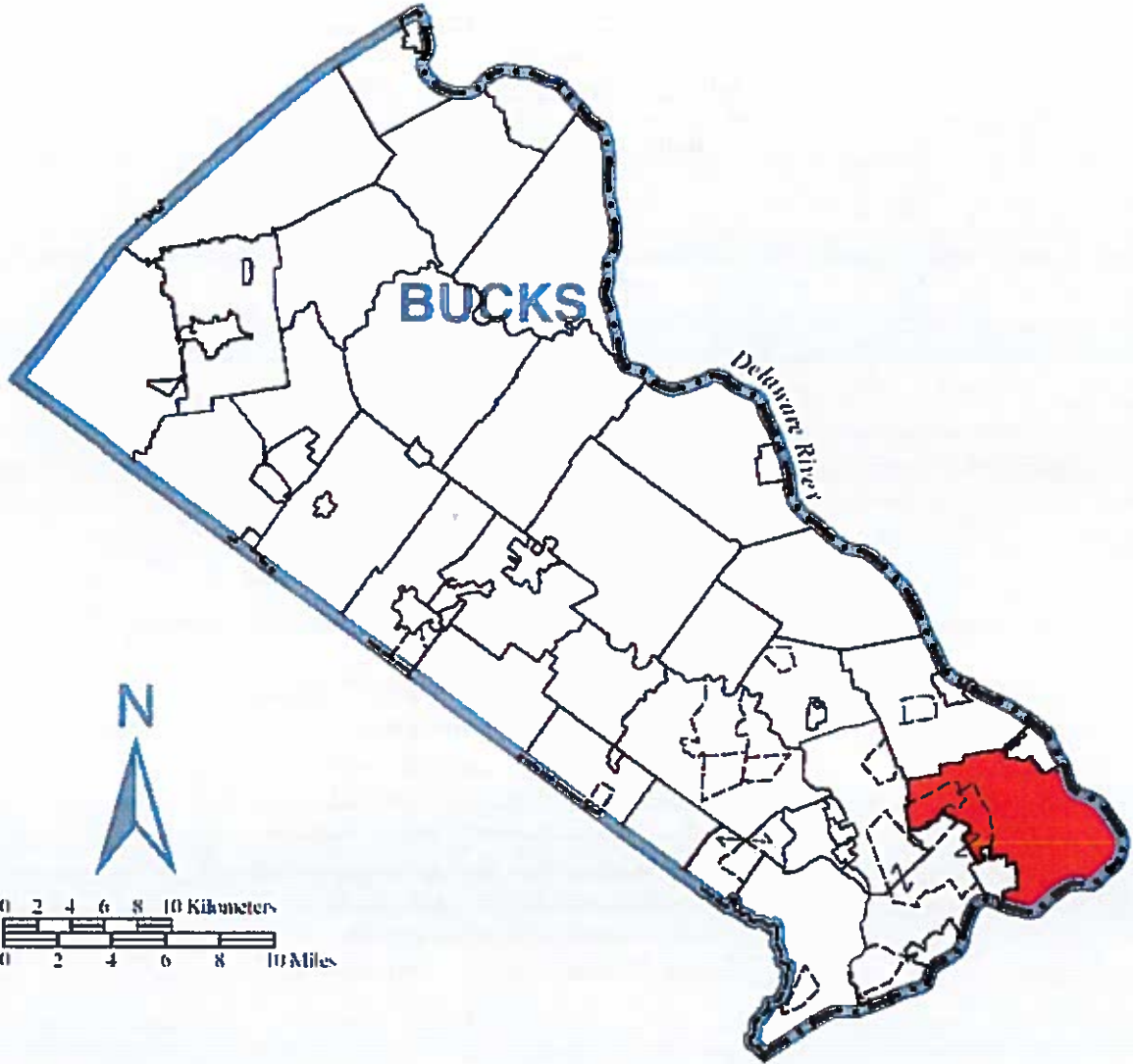
Brian Andrews, Parks & Recreation Director

Todd Pletnick, Police Lieutenant

Henry Ward, Police Lieutenant

Nelson Whitney, Police Lieutenant

TOWNSHIP OF FALLS BUCKS COUNTY, PENNSYLVANIA



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
TOWNSHIP OF FALLS
Fairless Hills, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in plan's net pension liability and related ratios – pension plans, schedules of employer contributions – pension plans, schedule of investment returns – pension plans, and schedule of changes in plan's net OPEB liability - other post employment benefits on pages 19 through 30 and pages 74 through 80 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 historic 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 TOWNSHIP OF FALLS' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and statistical section are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, capital asset schedules and the budgetary comparison schedules 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 combining and individual nonmajor fund financial statements, capital asset schedules and the budgetary comparison schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 them.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Township's 2017 financial statements and, in our report dated July 23, 2018, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

August 27, 2019

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

A handwritten signature in black ink that reads "Major & Mastro LLC". The signature is written in a cursive, stylized font.

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**Falls Township
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2018**

Unaudited

As management of the Township of Falls, we offer readers of the Falls Township financial statements this narrative overview and analysis of the financial activities of Falls Township for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of Falls Township exceeded its liabilities by \$108,656,081 and \$104,175,131 (as restated) at the close of the years ended December 31, 2018 and 2017, respectively. Of the 2018 amount, \$17,330,969 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2017, \$18,448,165 was available for that purpose.

The Township's governmental net position increased by a total of \$4,481,683 during 2018. This increase in net position is primarily due to a rise in the Township's cash reserves. The influx of cash to the Township is due to the opening of the Fairless Landfill, a new municipal waste landfill, constructed on a brownfield site at the Keystone Industrial Port Complex (KIPC) in late 2016.

As of the end of 2018, Falls Township's governmental funds reported combined ending fund balances of \$48,440,157. As a comparison, at the end of 2017, the balance was \$41,225,865, an increase of \$7,214,292.

Business-type activities' net position decreased by \$34,468 from \$33,735 in 2017 to \$(733) in 2018. The reason for this decrease is an operating loss at the Township's Pinewood Pool due to higher administrative costs in 2018.

At the end of the 2018, the unassigned fund balance for the general fund was \$35,759,191 or 152% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

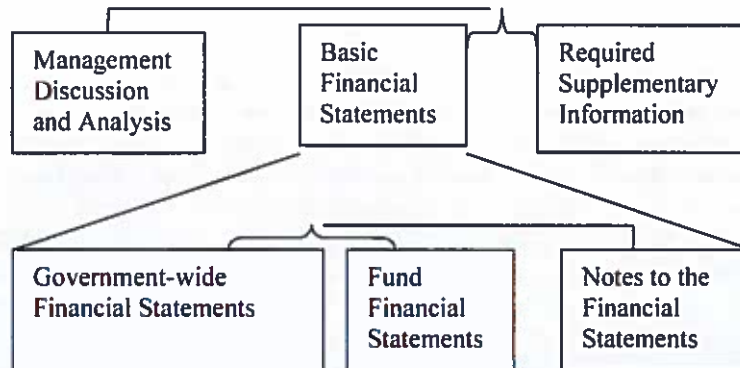
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Figure 1 shows how the required parts of the Financial Section are arranged and relate to one another.

Figure 1
Required Components of
Falls Township's Financial Report



Government-wide financial statements

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

The statement of net position presents information on all of Falls Township's assets plus deferred outflows of resources less liabilities, with the net reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Falls Township is improving or deteriorating. To assess the overall health of the Township, you need to consider additional non-financial factors, such as changes in the property tax base or the condition of Township infrastructure.

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

Both government-wide financial statements distinguish functions of Falls Township 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). The governmental activities of Falls Township include general government, public safety, highways and culture and recreation. The business-type activities of the Township of Falls include the ongoing operation of a recreational pool.

The government-wide financial statements can be found on pages 32 and 33 of this report.

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. Falls Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Falls Township 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, as well as on balances 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.

Falls Township maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the Capital Reserve fund, which are considered major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Falls Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-38 of this report.

Proprietary Funds

Falls Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Falls Township uses an enterprise fund to account for its Pinewood Pool fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 42 and 43 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 44-72 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 74-80 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and non-major governmental fund budget comparison schedules can be found on pages 85-93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. For Falls Township, assets and deferred outflows of resources exceed liabilities by \$108,656,081 and \$104,175,131 (as restated) at the close of the years ended December 31, 2018 and 2017, respectively.

The following table provides a summary of the Township's net position at December 31, 2018 compared to the prior year's figures:

FALLS TOWNSHIP NET POSITION

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2018	2017*	2018	2017	2018	2017*
Current and other assets	\$ 51,080,018	\$ 43,321,164	\$ -	\$ -	\$ 51,080,018	\$ 43,321,164
Capital assets	89,222,686	91,172,798	164,673	166,646	89,387,359	91,339,444
Total Assets	\$ 140,302,704	\$ 134,493,962	\$ 164,673	\$ 166,646	\$ 140,467,377	\$ 134,660,608
Deferred Outflows of Resources	\$ 3,589,901	\$ 1,698,943	\$ -	\$ -	\$ 3,589,901	\$ 1,698,943
Long-term liabilities outstanding	\$ 32,375,218	\$ 30,067,917	\$ -	\$ -	\$ 32,375,218	\$ 30,067,917
Other liabilities	2,551,410	1,949,857	165,406	132,911	2,716,816	2,082,768
Total Liabilities	\$ 34,926,628	\$ 32,017,774	\$ 165,406	\$ 132,911	\$ 35,092,034	\$ 32,150,685
Deferred Inflows of Resources	\$ 309,163	\$ -	\$ -	\$ -	\$ 309,163	\$ -
Net Position:						
Net Investment in capital assets	\$ 89,222,686	\$ 91,172,798	\$ 164,673	\$ 166,646	\$ 89,387,359	\$ 91,339,444
Restricted	1,937,753	1,853,004	-	-	1,937,753	1,853,004
Unrestricted	17,496,375	11,149,329	(165,406)	(132,911)	17,330,969	11,016,418
Total Net Position	\$ 108,656,814	\$ 104,175,131	\$ (733)	\$ 33,735	\$ 108,656,081	\$ 104,208,866

*As restated due to change in Accounting Principle

The largest portion of Falls Township's net position, 82.3%, reflects its investment in capital assets (land, building, machinery, equipment, open space, and roads/road improvements). Falls Township uses these capital assets to provide services to the citizens and, therefore, these assets are not available for future spending. Note that all capital assets reported have no outstanding debt on their initial purchases.

A very small portion of Falls Township's net position, 1.78%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17,330,969, may be used to meet the government's ongoing obligations to citizens and creditors of the Township.

At the end of the current fiscal year, Falls Township reports positive balances in all three categories of net position for the government as a whole.

CHANGES IN NET POSITION

Governmental activities

Governmental activities increased Falls Township's net position by \$4,481,683 for the year ended December 31, 2018, adding to the increase of \$1,793,505 for the year ended December 31, 2017. The recovery of cash reserves in 2017 and 2018 is due to increased revenue from tipping fees received from Waste Management landfill operations. Fiscal year 2017 was the first full year of operations of the Fairless Landfill, a new municipal waste landfill, consisting of 330.5 acres of permit area, of which 197 acres are for waste disposal. Falls Township is committed to maintaining high quality services and recreation facilities for its residents without increasing real estate taxes or charging exorbitant user fees. The Township has been able to expend cash reserves when needed to meet rising costs without burdening our residents.

Business-type activities

Business-type activities decreased Falls Township's net position by \$34,468 for the year ended December 31, 2018 in addition to the decrease in net position by \$8,431 in the prior year. These activities represent ongoing operations at the Pinewood Pool for 2018.

The results of this year's operations as a whole are reported in the Statement of Activities on page 33. All expenses are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expense categories are netted against them to determine the final amount of the Township's activities that are supported by other general revenues, primarily Host Community Fees and Property Taxes. Basically, the Statement shows which Township expenses are funded by specific program revenues and the balance of expenses left to be funded by general revenues.

The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2018 compared to the prior year's figures.

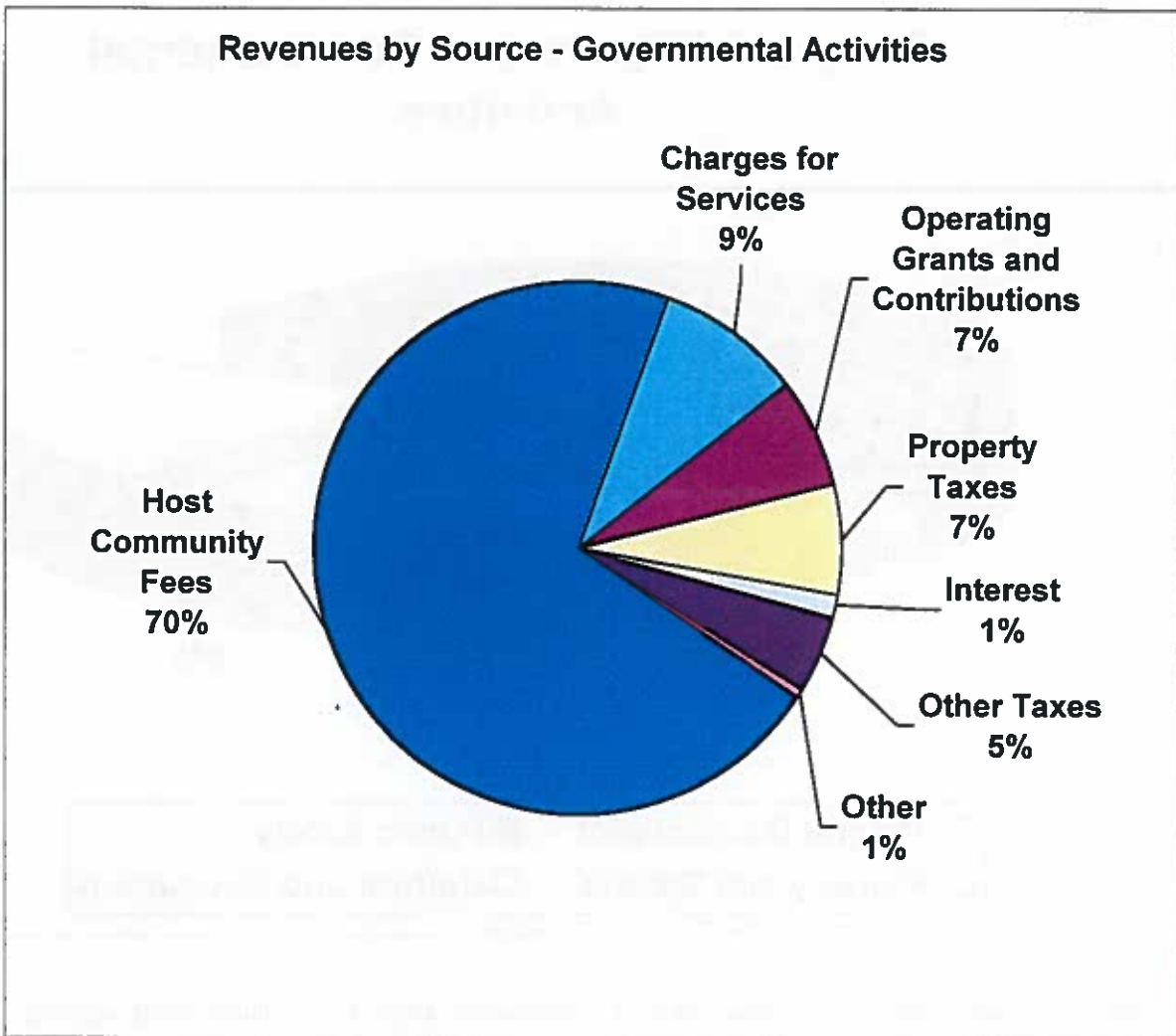
**FALLS TOWNSHIP
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017*</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017*</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 3,027,427	\$ 3,132,074	\$ 185,525	\$ 178,392	\$ 3,212,952	\$ 3,310,466
Operating Grants and Contributions	2,257,924	2,063,823	-	-	2,257,924	2,063,823
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,285,129	2,284,653	-	-	2,285,129	2,284,653
Other taxes	1,604,077	1,364,719	-	-	1,604,077	1,364,719
Host Community Fees	24,172,523	21,706,453	-	-	24,172,523	21,706,453
Other	689,064	260,384	16	-	689,080	260,384
Total Revenues	34,036,144	30,812,106	185,541	178,392	34,221,685	30,990,498
EXPENSES:						
General Government	2,873,517	2,777,044			2,873,517	2,777,044
Public Safety	18,673,866	18,450,556			18,673,866	18,450,556
Highway and Streets	6,304,948	6,143,092			6,304,948	6,143,092
Culture and Recreation	1,702,130	1,647,909			1,702,130	1,647,909
Pinewood Pool	-	-	220,009	186,823	220,009	186,823
Total Expenses	29,554,461	29,018,601	220,009	186,823	29,774,470	29,205,424
Change in net position before transfers	4,481,683	1,793,505	(34,468)	(8,431)	4,447,215	1,785,074
Transfers	-	-	-	-	-	-
Change in Net Position	4,481,683	1,793,505	(34,468)	(8,431)	4,447,215	1,785,074
Net Position, Beginning						
As originally reported	104,175,131	109,813,373	33,735	42,166	104,208,866	109,855,539
Adjustment (See note G)		(7,431,747)				(7,431,747)
Net Position, Ending, restated	\$ 108,656,814	\$ 104,175,131	\$ (733)	\$ 33,735	\$ 108,656,081	\$ 104,208,866

*As restated due to change in Accounting Principle

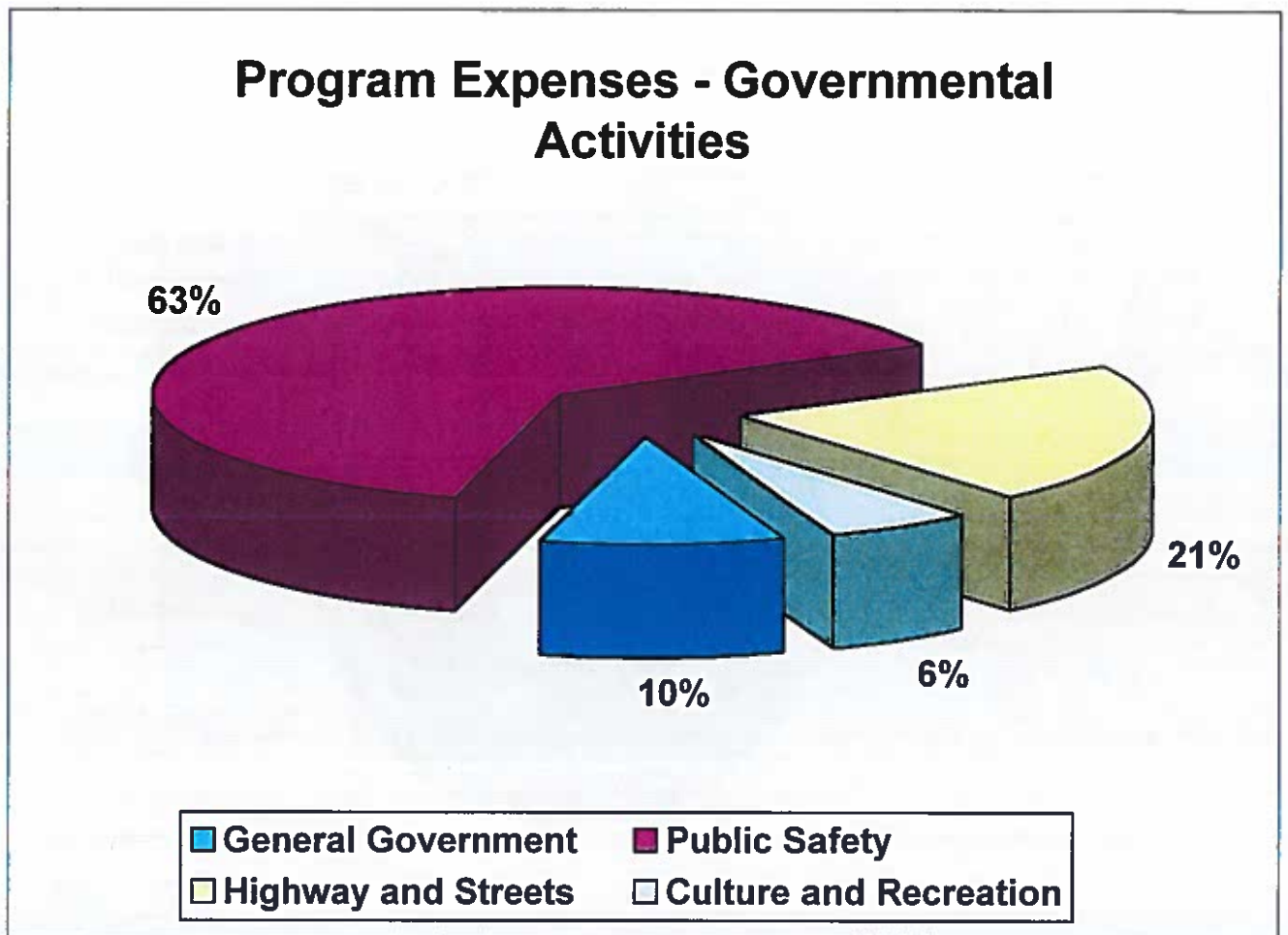
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2018:



Of the total Government-wide revenues of \$34,036,144, \$24,172,523 were Host Community Fees or “tipping” fees received from Waste Management for the landfill and incinerator operations. Also contributing to the Township’s revenue stream were Charges for Services with revenues of \$3,027,427 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,285,129, Other Taxes brought in \$1,604,077, Operating Grants and Contributions added \$2,257,924, Interest Earnings netted \$508,272, and Other (miscellaneous) revenues were \$180,792.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2018:

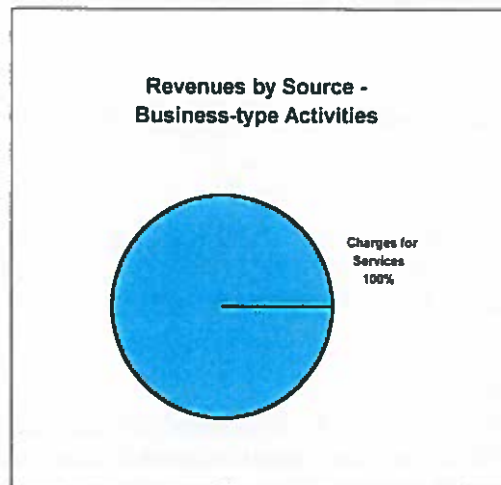
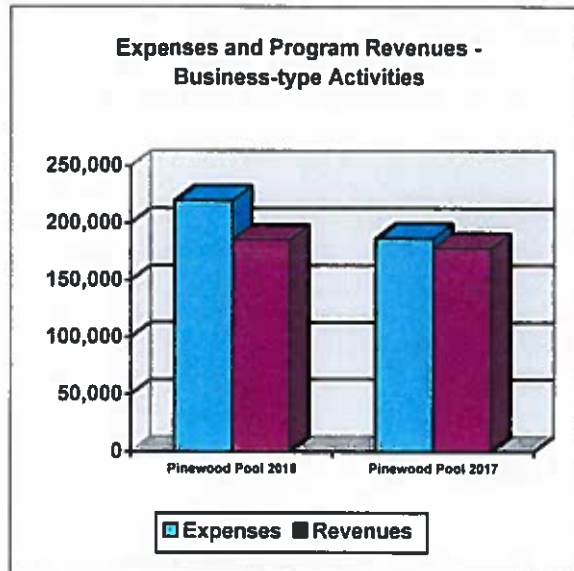


Most of the expenses that occurred in the year 2018 were related to Public Safety. Public Safety expenses were \$18,673,866. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,304,948 which includes road reconstruction, engineering costs, construction and rebuilding of storm sewers, operation and maintenance of traffic signals, and snow removal. Culture and Recreation expenses were \$1,702,130 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,873,517 and include costs for staffing, benefits, insurance and various other administrative costs.

Business-type activities

Business-type activities decreased the Township’s net position by \$34,468. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$34,484 in 2018. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2018 was the fifteenth full year of operation for the renovated site. The loss is attributed to continued increases in operating costs outpacing revenues. However, with more aggressive marketing, a “refer a friend” rebate offer, and added programming at the pool, we are working to close the gap between revenues and expenses through increased memberships and guest attendance.



Charges for services represent 100% of program revenues for the Pinewood Pool. Although the pool is operating at a loss, the Township continues to offer low membership rates to residents in the interest of providing affordable family entertainment.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

As Falls Township completed the year, its governmental funds reported a combined fund balance of \$48,440,157 an increase of \$7,214,292 compared to the previous year. Of the combined fund balance total: \$35,755,999 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$10,200,145 is assigned for specific purposes; \$1,937,859 is restricted for particular purposes; and, the remaining \$546,154 is non-spendable.

As noted earlier, Falls Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Falls Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Falls Township's financial 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 a fiscal year.

General Fund

The General Fund is the chief operating fund of Falls Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$35,759,191 while total fund balance reached \$44,388,085. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$23,500,613. The total fund balance of Falls Township's general fund increased \$7,162,166 during 2018. This is the result of markedly higher income from Waste Management for tipping fees at the new Fairless Landfill. Host Community Fees topped \$24 million in 2018. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes. In addition to higher revenues, there was a decrease in General Fund expenditures of \$939,491 for 2018, primarily in Public Works for highways and streets.

Capital Reserve

The Capital Reserve fund serves the Township to finance various Township purchases and projects. At the end of 2018, the assigned and total fund balance was \$2,097,933. This is a decrease in the amount of \$52,443. With no dedicated revenue stream in this fund, annual expenditures continue to drive down the remaining fund balance.

Proprietary Funds

Falls Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2018, the net position was \$(733). This represents a decrease of \$34,484 over the prior year. Expenses continue to outpace revenues at the community pool. The Township strives to offer a state-of-the-art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were over budget by \$5,168,799 for 2018. The single largest contributing factor was Host Community Fees revenue coming in over budget by \$4,261,623. Similarly, high tipping fee revenues are projected by Waste Management for fiscal year 2019. Total expenditures for the year were under budget by a total of \$2,403,608. The greatest savings occurred in expenditures for Capital Outlays with Public Works – Highway and Streets under budget by \$2,016,509. Many of the budgeted projects not completed in 2018 have been carried forward to the 2019 budget.

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental and business type activities as of December 31, 2018, amount to \$89,387,359 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, open space, roads, and bridges.

Major capital asset events during 2018 included the following:

The purchase of a 2019 International Cab with a dump body, plow and spreader at a cost of \$164,734 as well as a CAT skid steer with auger, two Exmark mowers, and a Toro Sand Pro 3040 with accessories at a combined cost of \$84,213 for the Public Works Department.

The purchase of a 2019 Ford Interceptor for the Fire Marshal's Office at a cost of \$32,529.

The purchase of a 2018 Ford Explorer for the Code Department at a cost of \$33,961.

Road improvements for various roads in the Township amounting to \$1,329,095 in construction and engineering costs. Also improving visibility on our roadways were continuing upgrades to Township streetlights at a cost of \$17,222.

Park improvements in the form of engineering and construction to complete the new fishing pier at the Community Park and the addition of playground equipment and lighting at Quaker Penn Park totaled \$247,099. The Parks department also purchased a 2018 Chevy Cruze at a cost of \$16,784.

Capital purchases for the Police Department, including five new vehicles totaling \$158,263.

FALLS TOWNSHIP Capital Assets (net of accumulated depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Construction in Progress	746,526	889,354	-	-
Building and System	2,128,872	2,352,448	-	-
Improvements other than Building	1,611,208	1,652,179	-	-
Machinery and Equipment	1,581,464	1,634,269	1,973	3,946
Infrastructure	66,693,690	68,183,622	-	-
	<u>\$ 89,222,686</u>	<u>\$ 91,172,798</u>	<u>\$ 164,673</u>	<u>\$ 166,646</u>

Additional information on Falls Township's capital assets can be found in Note D on pages 54 and 55 of this report.

Debt Administration

As of December 31, 2009, Falls Township had no outstanding long-term debt. The previous balance of \$3,055,000 on the Township-held Water and Sewer Revenue Bonds, Series 2004, was paid in full on December 15, 2009. The outstanding balance of the revenue bonds had been transferred from the proprietary funds to a governmental fund in 2007 due to the sale of the Township's water and sewer operations. The bonds were originally set to mature through December 15, 2016. Calling these bonds for early redemption resulted in an interest savings to the Township of just under \$325,000.

Additional information on Falls Township's long-term debt can be found in Note F on page 56 of this report.

Economic Factors and Next Year's Budgets and Rates

1) Tipping fees received from the landfill located in the Township have been on the rise since 2008, netting \$8.6 million that year and rising to an average of \$13.8 million for fiscal years 2012 through 2015. Fiscal year 2016 brought in over \$14 million, while 2017 saw revenues spike to over \$20 million with the first full year of operation of the Fairless Landfill. This year's operations netted Falls Township over \$24 million in tipping fees and Waste Management has projected that tonnages will remain high estimating Falls Township revenues of just over \$22 million in the coming year.

2) The Pinewood Pool is expected to continue operations while trying to contain costs and exceed projected revenues. The Township has continued in-house management of the pool for 2018 in an effort to control costs. Pool membership registrations and program income increased in 2018. These increases are the result of the Township's "refer a friend" rebate offer as well as added programming at the pool. Increased revenues have meant that no cash transfer was required from the Host Community Fees fund to the Pinewood Pool fund for fiscal years 2016 through 2018, and no transfer has been budgeted for 2019.

3) The Parks and Recreation department will receive additional funding from the Host Community Fees fund as the department continues to offer an extensive list of programs and events in the Community. Also, as the Falls Township Community Park grows, additional spending will be required to maintain the quality of service needed to operate at a superior level.

All these factors were considered in preparing the Falls Township budget for 2019.

Requests for Information

Falls Township's financial report is designed to provide a general overview of the Township's finances for those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Falls Township, 188 Lincoln Highway, Suite 100, Fairless Hills, PA 19030.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF FALLS
STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash & cash equivalents	\$ 28,614,374	\$	\$ 28,614,374
Investments	19,057,032		19,057,032
Taxes receivable	64,773		64,773
Accounts receivable (net of allowance for uncollectibles)	2,797,685		2,797,685
Prepaid assets	546,154		546,154
Total Current Assets	51,080,018	-	51,080,018
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Construction in progress	746,526		746,526
Buildings and systems	2,128,872		2,128,872
Infrastructure	66,693,690		66,693,690
Improvements other than buildings	1,611,208		1,611,208
Machinery, equipment, and vehicles	1,581,464	1,973	1,583,437
Total Capital Assets	89,222,686	164,673	89,387,359
TOTAL ASSETS	140,302,704	164,673	140,467,377
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	3,589,901		3,589,901
LIABILITIES			
Current Liabilities:			
Accounts payable	783,362		783,362
Accrued salary and benefits	195,636	583	196,219
Unearned revenue	203,058		203,058
Deposits	813,163		813,163
Internal balances	(164,823)	164,823	-
Portion due or payable within one year			
Compensated absences	721,014		721,014
Total Current Liabilities	2,551,410	165,406	2,716,816
Long-term Liabilities:			
Portion due or payable after one year			
Compensated absences	1,208,589		1,208,589
Net pension liability	19,916,314		19,916,314
Other post-employment benefits	11,250,315		11,250,315
Total Long-term Liabilities	32,375,218	-	32,375,218
TOTAL LIABILITIES	34,926,628	165,406	35,092,034
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	309,163		309,163
NET POSITION			
Investment in capital assets	89,222,686	164,673	89,387,359
Restricted for			
Recycling expenditures	451,296		451,296
Parks and recreation	158,593		158,593
Rescue squad	15,927		15,927
Crime prevention	96,408		96,408
Fire hydrant	81,228		81,228
Highway aid	918,569		918,569
Street lighting	215,732		215,732
Unrestricted	17,496,375	(165,406)	17,330,969
TOTAL NET POSITION	\$ 108,656,814	\$ (733)	\$ 108,656,081

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,873,517	\$ 1,084,762	\$ 827,383	\$ -	\$ (961,372)	\$ -	\$ (961,372)
Public safety	18,673,866	1,664,920	247,377	-	(16,761,569)	-	(16,761,569)
Public works - highways and streets	6,304,948	88,563	1,178,465	-	(5,037,920)	-	(5,037,920)
Culture and recreation	1,702,130	189,182	4,699	-	(1,508,249)	-	(1,508,249)
TOTAL GOVERNMENTAL ACTIVITIES	29,554,461	3,027,427	2,257,924	-	(24,269,110)	-	(24,269,110)
BUSINESS-TYPE ACTIVITIES							
Pinewood Pool	220,009	185,525	-	-	(34,484)	-	(34,484)
TOTAL BUSINESS-TYPE ACTIVITIES	220,009	185,525	-	-	(34,484)	-	(34,484)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 29,774,470	\$ 3,212,952	\$ 2,257,924	\$ -	(24,269,110)	16	(24,303,594)
GENERAL REVENUES							
Property taxes, levied for general purposes					2,285,129		2,285,129
Real estate transfer taxes					836,009		836,009
Local services taxes					644,855		644,855
Mechanical device tax					35,138		35,138
Other taxes					13,075		13,075
Payment in lieu of taxes					75,000		75,000
Contributions not restricted to specific programs					24,172,523		24,172,523
Interest earnings					508,272	16	508,288
Gain on sale of capital assets					16,954		16,954
Miscellaneous revenues					163,838		163,838
TOTAL GENERAL REVENUES AND TRANSFERS					28,750,793	16	28,750,809
CHANGE IN NET POSITION					4,481,683	(34,468)	4,447,215
NET POSITION AT BEGINNING OF YEAR							
As originally reported					111,606,878	33,735	111,640,613
Adjustment (see note #4C)					(7,431,747)		(7,431,747)
NET POSITION AT BEGINNING OF YEAR, restated					104,175,131	33,735	104,208,866
NET POSITION AT END OF YEAR					\$ 108,656,814	(733)	\$ 108,656,081

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 24,042,073	\$ 3,516,264	\$ 1,056,037	\$ 28,614,374
Investments	19,057,032			19,057,032
Accounts receivable (net of allowance for uncollectibles)	2,772,684	1	25,000	2,797,685
Taxes receivable	23,622		41,151	64,773
Interfund receivable	779,605		947,889	1,727,494
Prepaid items	526,682		19,472	546,154
TOTAL ASSETS	\$ 47,201,698	\$ 3,516,265	\$ 2,089,549	\$ 52,807,512
LIABILITIES				
Accounts payable	\$ 719,766	\$ 18,137	\$ 45,459	\$ 783,362
Deposits	6,657	806,256	250	813,163
Interfund payable	947,764	593,939	20,968	1,562,671
Salaries and benefits payable	886,440		30,210	916,650
Unearned revenue	220,077			220,077
TOTAL LIABILITIES	2,780,704	1,418,332	96,887	4,295,923
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - real estate taxes	22,117		38,523	60,640
Unavailable revenue - other	10,792			10,792
TOTAL DEFERRED INFLOWS OF RESOURCES	32,909	-	38,523	71,432
FUND BALANCES				
Nonspendable:				
Prepaid items	526,682		19,472	546,154
Restricted for:				
Recycling expenditures			451,296	451,296
Parks and recreation			158,593	158,593
Rescue squad			15,927	15,927
Crime prevention			96,408	96,408
Fire hydrant			81,228	81,228
Library			106	106
Highway aid			918,569	918,569
Street lighting			215,732	215,732
Assigned to				
Capital projects	8,102,212	2,097,933		10,200,145
Unassigned	35,759,191		(3,192)	35,755,999
TOTAL FUND BALANCES	44,388,085	2,097,933	1,954,139	48,440,157
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 47,201,698	\$ 3,516,265	\$ 2,089,549	\$ 52,807,512

TOWNSHIP OF FALLS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUND BALANCES	\$ 48,440,157
Amounts reported for governmental activities on the statement of net position are different because of the following:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$162,313,934 and the accumulated depreciation is \$73,091,248	89,222,686
Certain 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	88,451
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	3,589,901
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	(309,163)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:	
Other post employment benefits	(11,250,315)
Net pension liability	(19,916,314)
Compensated absences	<u>(1,208,589)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 108,656,814</u>

TOWNSHIP OF FALLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	842,171			2,311,956
Real estate transfer	836,009		1,469,785	836,009
Local services	643,235			643,235
Mechanical device	35,138			35,138
Motor fuel tax	27,320		947,675	947,675
Payment in lieu of taxes	24,172,523		47,680	75,000
Host community fees	873,720			24,172,523
Licenses and permits	194,345			873,720
Fines and forfeits	455,105	31,249		194,345
Interest earnings	51,745		21,919	508,273
Rents	966,610		8,790	60,535
Intergovernmental	1,859,859		203,277	1,169,887
Charges for services	87,587		189,181	2,049,040
Contributions and donations	62,458		48,800	136,387
Refunds of prior years				62,458
TOTAL REVENUES	31,107,825	31,249	2,937,107	34,076,181
EXPENDITURES				
Current				
General government	2,614,823	77,301		2,692,124
Public safety	16,527,419		1,214,460	17,741,879
Public works - highways and streets	2,041,869		1,131,999	3,173,868
Culture and recreation	353,183	6,391	827,499	1,187,073
Capital outlay				
General government	224,753			224,753
Public safety	1,490,291		120,580	1,610,871
Public works - highways and streets	248,275			248,275
Culture and recreation				
TOTAL EXPENDITURES	23,500,613	83,692	3,294,538	26,878,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,607,212	(52,443)	(357,431)	7,197,338
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	16,954			16,954
Transfers in	(462,000)		462,000	462,000
Transfers out	(445,046)			(462,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	462,000	16,954
NET INCREASE (DECREASE) IN FUND BALANCES	7,162,166	(52,443)	104,569	7,214,292
FUND BALANCES AT BEGINNING OF YEAR	37,225,919	2,150,376	1,849,570	41,225,865
FUND BALANCES, ENDING	\$ 44,388,085	\$ 2,097,933	\$ 1,954,139	\$ 48,440,157

TOWNSHIP OF FALLS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 7,214,292
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:</p>	
Capital outlay	2,083,899
Depreciation expense	(4,034,011)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(56,991)
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	
	(151,504)
<p>On the Statement of Activities the actual and projected long term expenditures for pension benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for pensions.</p>	
	(437,805)
<p>On the Statement of Activities the actual and projected long term expenditures for post-employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.</p>	
	<u>(136,197)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,481,683</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 867,231	\$ 867,231	\$ 842,171	\$ (25,060)
Real estate transfer	750,000	750,000	836,009	86,009
Local services	680,000	680,000	643,235	(36,765)
Mechanical device	34,000	34,000	35,138	1,138
Payment in lieu of taxes	27,320	27,320	27,320	-
Host community fees	19,910,900	19,910,900	24,172,523	4,261,623
Licenses and permits	873,625	873,625	873,720	95
Fines and forfeits	214,000	214,000	194,345	(19,655)
Interest earnings	210,200	210,200	455,105	244,905
Rents	33,200	33,200	51,745	18,545
Intergovernmental	808,500	808,500	966,610	158,110
Charges for services	1,500,050	1,500,050	1,859,859	359,809
Contributions and donations	-	-	87,587	87,587
Refunds of prior years	30,000	30,000	62,458	32,458
TOTAL REVENUES	25,939,026	25,939,026	31,107,825	5,168,799
EXPENDITURES				
Current				
General government				
Supervisors	36,318	36,318	34,870	1,448
Manager	464,220	464,220	537,608	(73,388)
Finance and administration	636,955	636,955	624,302	12,653
Attorney	349,900	349,900	429,425	(79,525)
Other	963,506	963,506	988,618	(25,112)
Total general government	<u>2,450,899</u>	<u>2,450,899</u>	<u>2,614,823</u>	<u>(163,924)</u>
Public safety				
Police	15,057,320	15,057,320	14,688,225	369,095
Fire	602,332	602,332	585,710	16,622
Code Enforcement	1,261,048	1,261,048	1,253,484	7,564
Total public safety	<u>16,920,700</u>	<u>16,920,700</u>	<u>16,527,419</u>	<u>393,281</u>
Public works				
Highways and streets	1,994,643	1,994,643	2,041,869	(47,226)
Total public works	<u>1,994,643</u>	<u>1,994,643</u>	<u>2,041,869</u>	<u>(47,226)</u>
Total culture and recreation	<u>20,000</u>	<u>20,000</u>	<u>353,183</u>	<u>(333,183)</u>
Capital outlay				
General government	260,000	260,000	-	260,000
Public safety	470,579	470,579	224,753	245,826
Public works - highway and streets	3,506,800	3,506,800	1,490,291	2,016,509
Culture and recreation	280,600	280,600	248,275	32,325
Total capital outlay	<u>4,517,979</u>	<u>4,517,979</u>	<u>1,963,319</u>	<u>2,554,660</u>
TOTAL EXPENDITURES	25,904,221	25,904,221	23,500,613	2,403,608
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,805	34,805	7,607,212	7,572,407
OTHER FINANCING SOURCES (USES)				
Transfers out	(462,000)	(462,000)	(462,000)	-
Sale of assets	500	500	16,954	16,454
TOTAL OTHER FINANCING SOURCES (USES)	(461,500)	(461,500)	(445,046)	16,454
NET INCREASE (DECREASE) IN FUND BALANCE	(426,695)	(426,695)	7,162,166	7,588,861
FUND BALANCE, BEGINNING	38,110,224	38,110,224	37,225,919	(884,305)
FUND BALANCE, ENDING	\$ 37,683,529	\$ 37,683,529	\$ 44,388,085	\$ 6,704,556

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
ASSETS		
Noncurrent Assets:		
Capital Assets (net of accumulated depreciation):		
Land	\$ 162,700	\$ 162,700
Machinery and equipment	1,973	3,946
TOTAL CAPITAL ASSETS	<u>164,673</u>	<u>166,646</u>
TOTAL ASSETS	<u>164,673</u>	<u>166,646</u>
LIABILITIES		
Current liabilities		
Interfund payable	164,823	132,658
Salaries and benefits payable	583	253
TOTAL CURRENT LIABILITIES	<u>165,406</u>	<u>132,911</u>
NET POSITION		
Investment in capital assets	164,673	166,646
Unrestricted	(165,406)	(132,911)
TOTAL NET POSITION	<u>\$ (733)</u>	<u>\$ 33,735</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
OPERATING REVENUES		
Charges for sales and services		
Pool memberships	\$ 180,782	\$ 174,010
Concession income	4,743	4,382
TOTAL OPERATING REVENUES	<u>185,525</u>	<u>178,392</u>
OPERATING EXPENSES		
Costs of sales and services	154,723	150,863
Administration	63,313	33,987
Depreciation on capital assets	1,973	1,973
TOTAL OPERATING EXPENSES	<u>220,009</u>	<u>186,823</u>
OPERATING INCOME (LOSS)	<u>(34,484)</u>	<u>(8,431)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	16	
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>16</u>	<u>-</u>
CHANGE IN NET POSITION	(34,468)	(8,431)
NET POSITION, BEGINNING	<u>33,735</u>	<u>42,166</u>
NET POSITION, ENDING	<u>\$ (733)</u>	<u>\$ 33,735</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 185,525	\$ 178,392
Payments to suppliers	(63,835)	(63,973)
Payments to employees	(153,871)	(120,916)
NET CASH USED IN OPERATING ACTIVITIES	<u>(32,181)</u>	<u>(6,497)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	32,165	6,497
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>32,165</u>	<u>6,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings on investments	16	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>16</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (34,484)	\$ (8,431)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	1,973	1,973
Increase (decrease) in salaries and benefits payable	330	(39)
TOTAL ADJUSTMENTS	<u>2,303</u>	<u>1,934</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (32,181)</u>	<u>\$ (6,497)</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2018

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 13,072,747	\$ 3,357,070
Receivables	235,275	
Accounts receivable		1,704
Investment, at fair value		
Common stock, mutual funds	<u>17,364,582</u>	
TOTAL ASSETS	30,672,604	<u><u>\$ 3,358,774</u></u>
LIABILITIES		
Payables	<u>3,140</u>	
Escrow deposits		<u><u>\$ 3,358,774</u></u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 30,669,464</u></u>	

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 2,283,401
Plan member	316,462
Commonwealth	665,183
Total Contributions	<u>3,265,046</u>
Investment Income	
Dividend income	596,987
Net appreciation (depreciation) in fair value of investments	<u>(1,538,536)</u>
Total investment income	(941,549)
Less: investment expenses	<u>75,901</u>
Net investment income	<u>(1,017,450)</u>
TOTAL ADDITIONS	<u>2,247,596</u>
DEDUCTIONS	
Benefits	2,615,724
Reimbursements	32,573
Administrative expenses	<u>15,897</u>
Total deductions	<u>2,664,194</u>
Change in Net Position	(416,598)
NET POSITION BEGINNING OF YEAR	<u>31,086,062</u>
NET POSITION END OF YEAR	<u><u>\$ 30,669,464</u></u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Township of Falls, County of Bucks, Commonwealth of Pennsylvania, was founded in 1692. The Township is a second-class township and is governed by an elected board of five supervisors and a board-appointed Township Manager. Falls Township covers approximately 26.5 square miles in Lower Bucks County and has a population of 34,865 per the 2000 U.S. Census.

The Township of Falls provides a full range of municipal services. These services include police protection; fire protection; park and recreation activities; highway maintenance and reconstruction operations; refuse; and general administrative services.

The Township has followed the guidelines of the Governmental Accounting Standards Board's Statement No. 61 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

The financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. 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 more significant of the government's accounting policies are described below.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements, and all non-major funds are aggregated and presented in a single column.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities. All assets and liabilities are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized and operated on the basis of funds.

The Township reports the following major governmental funds:

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

The *Capital Reserve Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities and capital assets, other than those financed by proprietary and fiduciary funds.

The Township reports the following major proprietary fund:

The *Pinewood Pool Fund* accounts for operations of a recreational pool.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Additionally, the Township reports the following Fiduciary funds:

The *Police Pension Trust Fund* accounts for the accumulation of resources for pension benefit payments to qualified uniformed police officers.

The *Non-uniformed Pension Trust Fund* accounts for the accumulation of resources for pension benefit payments to qualified employees of the Township other than uniformed officers.

The *Township Escrow and Subdivision Fund* is used to account for assets held by the Township in an agent capacity for developers as required by developer agreements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes and investment earnings.

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 Pinewood pool fund are charges to customers for pool memberships. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

Investments for the Township are reported at fair value. The State Treasurer's Investment Pool operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Liabilities, and Net Position or Equity, continued

2. Receivables and Payables

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

Real estate taxes are levied on March 1 and payable under the following terms: 2% discount March 1 through May 1; face amount May 2 through July 1; and a 10% penalty after July 1. Taxes unpaid are liened in January of the subsequent year.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land, buildings and systems, improvements, machinery and equipment, and infrastructure (roads, bridges, sidewalks and similar items), are reported in the governmental or business-type activities columns in the government-wide financial statements.

The Township defines capital assets as assets with an estimated useful life in excess of two years and an initial, individual cost greater than \$5,000. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Infrastructure includes retroactive reporting of assets prior to June 30, 1980.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Liabilities, and Net Position or Equity, continued

4. Capital Assets, continued

Property, plant, and equipment of the Township is being depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	25
Land Improvements	10
Infrastructure - Roads	40
Infrastructure – Street Light Poles	50
Infrastructure – Street Lights	10
Vehicles	6
Machinery and equipment	8

5. Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. The Township does not have any bonds payable outstanding. In the fund financial statements, Governmental Funds recognize issuance of long term debt 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.

7. Other Post Employment Benefits ("OPEB") Other than Pensions

The Township provides other post employment benefits to police officers, public works, and AFSCME group employees, as part of their collective bargaining agreement. Effective January 1, 2018, the Township adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. GASB Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information ("RSI") about their OPEB liabilities.

8. Comparative data

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Liabilities, and Net Position or Equity, continued

9. Fund Equity

The Township reports fund balance in accordance with GASB Statement No. 54. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Supervisors – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Supervisors removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance. This classification reflects amounts constrained by the township’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors or the finance director, who has been given the authority by a resolution of the Board of Supervisors have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Use of fund balance. The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated. Then committed, assigned and unassigned in that order as needed.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Liabilities, and Net Position or Equity, continued

10. Net Position

Net position is considered restricted if the use is constrained to a particular purpose. The government-wide statement of net position reports \$1,937,753 of restricted net position, \$15,927 is restricted by enabling legislation.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the recycling fund. All appropriations lapse at fiscal year end. All agencies of the government submit requests for appropriations to the township manager and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board of Supervisors. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the department level. There were no budgetary transfers during the year.

Encumbrance accounting is employed in governmental funds. All encumbrances are liquidated at year end.

B. Excess of Expenditures over Appropriations

For the year end December 31, 2018, expenditures exceeded appropriations in the following funds. These over-expenditures were funded by interfund transfers and available fund balances.

<u>Fund</u>	<u>Excess</u>
Fire Hydrant Fund	\$ 749

C. Deficit Fund Balance

At December 31, 2018, the nonmajor special revenue funds have deficit fund balances as follows: Fire Protection - \$3,192. This deficit will be eliminated through a combination of increased revenues, decreased expenditures, and interfund transfers.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 Depository Insurance Corporation. The uninsured deposits, (as defined by Statement No. 40 of the Government Accounting Standards Board) of the Township in the amount of \$8,456,870 were collateralized by this pool of assets maintained by the Township's depository institutions.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2018, \$8,456,870 of the Township's bank balance of \$9,206,870 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$8,456,870
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State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy; measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Information related to the Township's investments measured at fair value on a recurring basis at December 31, 2018, is as follows:

Government-Wide Investments (not including Fiduciary):

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PA Local Government Investment Trust	\$ 11,520,148	\$ 11,520,148	\$	\$
PA Treasury Invest Community Pool	37,653	37,653		
First National Bank Money Market	3,921,530	3,921,530		
SEI Government Fund	62,158	62,158		
Federal Home Loan Mortgage Corp	5,249,676	5,249,676		
Federal Home Loan Bank	3,720,945	3,720,945		
Federal National Mortgage Association	6,761,099	6,761,099		
Federal Farm Credit Banks	1,644,931	1,644,931		
Certificates of Deposit	1,048,714	1,048,714		
United States Treasury Notes	631,666	631,666		
	\$ 34,598,520	\$ 34,598,520	\$ -	\$ -

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

Fiduciary Investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 17,364,582	\$ 17,364,582		
PA Local Government Investment Trust	13,072,747	13,072,747		
	<u>\$ 30,437,329</u>	<u>\$ 30,437,329</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township has no investments subject to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Township has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2018, the Township’s investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
PA Local Government Investment Trust	AA+ / A-1+
PA Treasury Invest Community Pool	AAA
Federal Home Loan Mortgage Corp	Unavailable
Federal Home Loan Bank	Unavailable
Federal National Mortgage Association	Unavailable
Federal Farm Credit Banks	Unavailable
Bond Mutual Funds	B,BB,A

Concentration of Credit Risk. A concentration of investments in any one single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Township does not have a formal policy regarding concentration of credit risk. More than five percent of the Government-wide investments are invested in the following single issuers:

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of total Government Wide Investments</u>
Federal Home Loan Mortgage Corp	\$ 5,249,676	15%
Federal Home Loan Bank	3,720,945	11%
Federal National Mortgage Association	6,761,099	20%
Federal Farm Credit Banks	1,644,931	5%

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

Interest Rate Risk. Interest Rate risk is the risk that changes in interest rates will adversely affect an investment's value. The Township does not have a formal policy regarding interest rate risk. As of December 31, 2018, the Township's investments had the following weighted average maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Mortgage Corp	\$ 6,299,495	1.62
Federal Home Loan Bank	2,275,609	1.53
Federal National Mortgage Association	6,207,000	1.51
Federal Farm Credit Banks	1,841,000	0.29
Bond Mutual Funds	3,786,051	Less than 1
Bond Mutual Funds	1,391,652	6 - 10
Bond Mutual Funds	2,417,534	not available

A portion of the Township's investments are in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania Treasury Investment Community Pool, which both act like money market mutual funds in that the objective is to maintain a stable net asset value of \$1 per share. These investments are not subject to interest rate risk.

B. Receivables

Receivables as of year end for the government's individual major funds, fiduciary funds and non-major funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 23,622	\$ -	\$ 41,151	\$ -	\$ 64,773
Accounts/other	2,992,398	1	25,000	236,979	3,254,378
Gross receivables	3,016,020	1	66,151	236,979	3,319,151
Less: allowance for uncollectibles	(219,714)	-	-	-	(219,714)
Total net receivables	<u>\$ 2,796,306</u>	<u>\$ 1</u>	<u>\$ 66,151</u>	<u>\$ 236,979</u>	<u>\$ 3,099,437</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

C. Unearned/Unavailable Revenue

Governmental funds report unearned or unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenue is considered a liability, while unavailable revenue is reported as a deferred inflow of resources. At the end of the current fiscal year, the components of unearned/unavailable revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 22,117	\$
Delinquent property taxes receivable - special revenue funds	38,523	
Accounts receivable, not available	10,792	
Accounts receivable, unearned		220,077
Total Governmental unearned/unavailable revenue	\$ 71,432	\$ 220,077

D. Capital Assets

Capital asset activity for the year ended December 31, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 16,460,926	\$	\$	\$ 16,460,926
Construction in progress	889,354		142,828	746,526
Total capital assets not being depreciated	17,350,280	-	142,828	17,207,452
Capital Assets being depreciated				
Buildings	5,964,291			5,964,291
Improvements other than buildings	15,600,652	389,927		15,990,579
Machinery, equipment, and vehicles	9,196,458	490,483	405,599	9,281,342
Infrastructure	112,523,952	1,346,317		113,870,269
Total capital assets being depreciated	143,285,353	2,226,727	405,599	145,106,481
Less accumulated depreciation for:				
Buildings	3,611,843	223,576		3,835,419
Improvements other than buildings	13,948,473	430,898		14,379,371
Machinery, equipment, and vehicles	7,562,189	543,288	405,599	7,699,878
Infrastructure	44,340,330	2,836,249		47,176,579
Total accumulated depreciation	69,462,835	4,034,011	405,599	73,091,247
Total capital assets being depreciated, net	73,822,518	(1,807,284)	-	72,015,234
Governmental activities capital assets, net	\$ 91,172,798	\$ (1,807,284)	\$ 142,828	\$ 89,222,686

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets, continued

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 162,700	\$	\$	\$ 162,700
Capital Assets being depreciated				
Machinery and equipment	19,730			19,730
Less accumulated depreciation for:				
Machinery and equipment	15,784	1,973		17,757
Business-type activities capital assets, net	\$ 166,646	\$ (1,973)	\$ -	\$ 164,673

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

Governmental Activities:

General government	\$ 163,220
Public safety	271,937
Public works	3,088,204
Culture and recreation	510,650
Total depreciation expense - governmental activities	\$ 4,034,011

Depreciation expense for business-type activities was \$1,973.

E. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at December 31, 2018:

	Receivable	Payable
General Fund	\$ 779,605	\$ 947,764
Capital Reserve	-	593,939
Pool Fund	-	164,823
Nonmajor Funds	947,889	20,968
	\$ 1,727,494	\$ 1,727,494

The amounts payable for the Pool Fund and Nonmajor Funds are recorded to eliminate negative cash balances in those funds. Other amounts payable represent reimbursable expenses paid on behalf of one fund by another fund of Falls Township.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

E. Interfund Receivables, Payables, and Transfers, continued

Interfund transfers for the year ended December 31, 2018, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General Fund	\$ 462,000	\$ -
Nonmajor Funds	-	462,000
	\$ 462,000	\$ 462,000

Transfers to other funds represents unrestricted revenues collected in the General Fund to finance the Township's Crime Prevention Program (DARE) Fund and Parks and Recreation Fund.

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental Activities					
Compensated Absences	\$ 1,719,297	\$ 332,060	\$ 121,754	\$ 1,929,603	\$ 721,014
Total Governmental Activities	\$ 1,719,297	\$ 332,060	\$ 121,754	\$ 1,929,603	\$ 721,014

The general fund has been used to liquidate the liability for the compensated absences of the governmental activities.

4. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to third party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, and injuries to employees. As a method of financing the risk, the Township purchases commercial insurance. The Township participates in the Delaware Valley Worker's Compensation Trust. The amount of settlement did not exceed insurance coverage for the past three years. There have been no significant reductions in insurance coverage during the year ended December 31, 2018.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial. The Township is a defendant in several lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of Township Management, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

C. Financial Guarantee

The Township has entered into a Guarantee Agreement dated September 1, 2011, as authorized pursuant to the Debt Act, to guarantee the full and prompt payment of the Township of Falls Authority's Guaranteed Water & Sewer Revenue Bonds series 2011. The Township of Falls Authority was created pursuant to an ordinance enacted by the Board of Supervisors of the township and the Township appoints the members of the Authority Board. The guarantee extends through December 31, 2018, and the current amount outstanding is \$28,678,160 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

The Township has entered into a Supplemental Guarantee Agreement dated May 4, 2016, as authorized pursuant to the Debt Act, to guarantee the full and prompt payment of the Township of Falls Authority's Guaranteed Water & Sewer Revenue Bonds series 2016. The Township of Falls Authority was created pursuant to an ordinance enacted by the Board of Supervisors of the township and the Township appoints the members of the Authority Board. The guarantee extends through December 31, 2018, and the current amount outstanding is \$2,585,356 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

D. Other Post-employment Benefits

Plan Description

The Township provides postemployment healthcare benefits in a single-employer plan, as per the requirements of local ordinances, for certain retired police officers, public works employees, and AFSCME union members. The Township calculates its actuarial valuation in accordance with GASB Statement 75, as required. Separate financial statements are not issued for the plan.

Benefits Provided

The Township pays; \$2,400 to \$16,800 per year for the premiums of healthcare coverage for police officers who retire with 25 years of full-time service or become disabled; \$3,600 per year for AFSCME members with no minimum eligibility requirements; and \$4,800 to \$6,000 per year for Public works employees with no minimum eligibility requirements.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

Employees Covered by the Plan

The following eligible Police and Non-Uniformed employees and retirees were covered by the plan:

Fully Eligible Active Plan Members	12
Other Active Employees not Fully Eligible	77
Retirees and Beneficiaries Currently Receiving Benefits	<u>41</u>
Total	<u>130</u>

Contributions

The Township is not currently making contributions to a qualified Trust.

Method Used to Value Investments

The Township does not have a GASB qualified Trust, and therefore, there are no investments.

Long-Term Expected Rate of Return

Since there are no invested assets, there is no long-term expected rate of return.

Actuarial Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability as of December 31, 2018 was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the municipality's fiscal year ending December 31, 2018. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below

Actuarial assumptions:

Valuation Method	Entry age normal
Discount rate	3.75%
Salary increases	5.00%
Investment rate of return	n/a
Mortality rates	Blue Collar RP-2000 Mortality Table
Healthcare cost trend rate	Medical and prescription costs are assumed to increase by 6.25% during 2018, decreasing by .25% per year to an ultimate level of 5% per year

Discount Rate

The discount rate used to measure the total OPEB liability was 3.75%, and is based on the S&P 20 year AA municipal bond rate.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

Net OPEB Liability Sensitivity – Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 3.75% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75%) or 1 percentage point higher (4.75%) than the current rate.

	1% Decrease 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Net OPEB Liability	\$ 12,656,744	\$ 11,250,315	\$ 10,067,386

Net OPEB Liability Sensitivity – Healthcare Trend

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the current trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher or 1 percent higher than expected.

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	\$ 11,030,228	\$ 11,250,315	\$ 11,504,670

Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/17	\$ 11,114,118	\$ -	\$ 11,114,118
Changes for the year:			
Service Cost	217,169	-	217,169
Interest	415,612	-	415,612
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	496,584	(496,584)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(496,584)	(496,584)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	136,197	-	136,197
Balances at 12/31/18	\$ 11,250,315	\$ -	\$ 11,250,315

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the Township recognized OPEB expense of \$136,197. At December 31, 2018, the Township did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

E. Pension Plans

The Township maintains a single-employer defined benefit pension plan that covers all of the Township's full-time sworn police officers, a cash balance defined benefit pension plan administered by the Pennsylvania Municipal Retirement System (PMRS) agent multiple-employer system for employees in the public works union, and a single-employer defined contribution pension plan that covers all other full-time employees.

Police Pension Plan

Plan Description

The Falls Township Police Pension Plan is a single-employer defined benefit plan covering the full-time police officers. The Plan was established effective January 1, 1969, is controlled by the provisions of Ordinance 93-5, which amended Chapter 72 of the Falls Township Code and was restated by Ordinance No. 2001-16, as amended. The Plan is governed by the Board of Township Supervisors, who has delegated the authority to manage Plan assets to SEI Investments Management Corporation. Complete financial statements may be obtained at the township building. A separate, audited GAAP-basis pension plan report is not issued.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- ***Eligibility Requirements:***
 - Normal Retirement – Age 50 with 25 years of service. No early retirement.
 - Vesting – 100% after the completion of 12 years of vesting service
- ***Retirement Benefit:*** 50% of average salary during the last 36 months of employment, plus \$100 per month for each year of service in excess of 25 years, up to a maximum of \$500 per month.
- ***Survivor Benefit:*** Killed-in-service – 100% of salary. Post-retirement – 50% of retirement benefit; Vested – refund of contributions with interest or 50% of vested benefit payable beginning at officer's super-annuation retirement date.
- ***Disability Benefit Service Related:*** 50% of average 36 months compensation.
- ***Post Retirement Adjustments:*** Those members who begin retirement benefits on or after January 1, 1992 may be provided a C.O.L.A. in accordance with Act 600. In no such case shall the benefit exceed 75% of salary and the total C.O.L.A. shall not exceed 30%.
- ***Pre Act 44 Deferred Retirement Option Program (DROP):*** An active Member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months.
- ***Member Contributions:*** 5% contribution rate and 5% interest rate credited to member contributions.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Plan Membership

Membership of the plan consisted of the following at December 31, 2018:

Active Plan Members	46
Inactive Plan Members Currently Receiving Benefits	61
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>0</u>
Total	<u>107</u>

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time officers are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2018. The payment from the Commonwealth for State Aid is recognized as revenue in the General Fund and an expenditure to the Fiduciary Fund. The Township contributed State Aid of \$665,183 and Township contribution of \$2,167,153, into the plan for 2018.

Basis of Accounting

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 Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allowable pension plan expenditures in accordance with act 205 and may be funded with Plan assets.

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2018 was determined as part of an actuarial valuations at January 1, 2017. Update procedures were used to roll forward January 1, 2017 liabilities to the plan's fiscal plan year ending December 31, 2018. The actuarial assumptions used in the January 1, 2017 valuation are as follows:

Actuarial assumptions:

Inflation rate	3.00%
Salary increases	5.00%
Investment rate of return	8.00%
Mortality rates	Blue Collar RP-2000 Mortality Table

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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. Based upon the Plan's current targeted investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Net Pension Liability	\$ 25,320,382	\$ 20,046,826	\$ 15,582,465

Long Term Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major class included in the Plan's target asset allocation as of December 31, 2018 are listed in the table below:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Large Cap Stocks	18.0%	8.11%
Domestic Mid/Small Cap Stocks	9.0%	8.08%
World Equity ex-US	18.0%	9.38%
Emerging Markets Equity	4.0%	11.46%
U.S. High Yield	4.0%	6.13%
Emerging Markets Debt	4.0%	7.45%
Dynamic Asset Allocation	7.0%	9.81%
Diversified ST Fixed Income	14.0%	3.55%
Core Fixed Income	22.0%	4.26%
Total Net Blended Return		6.32%

* Excludes 2.5% inflation assumption

Long Term Expected Rate of Return (Including Inflation)	8.82%
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TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan

Plan Description

The Falls Township Non Uniform Defined Benefit Pension Plan is a single-employer defined benefit plan covering the full-time employees covered by the public works union in accordance with Ordinance No. 2010-01. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system with the purpose to administer sound, cost effective pensions for local government employees. PMRS was created by act of the Pennsylvania General Assembly in 1974 and is headquartered in Harrisburg, Pennsylvania. Responsibility for the organization and administration of the System is vested in the eleven-member PMRS Board. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the publications page of the PMRS website at www.pmrns.state.pa.us, or a copy can be obtained by contacting the PMRS accounting office at 717-787-2065.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 60
 - Early Retirement – Age 55 and 25 years of service
 - Vesting – 100% after the completion of 8 years of service
- *Retirement Benefit:* The member will receive an annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the accumulated municipal contributions and any member deductions, regular interest and all excess investment earnings credited to the member's account.
- *Early Retirement:* Benefits will be actuarially reduced for each year or partial year thereof prior to age sixty (60) that early retirement takes place.
- *Member Contributions:* 5% contribution rate
- *Voluntary Member Contributions:* Up to 15%

Plan Membership

Membership of the plan consisted of the following at December 31, 2018:

Active Plan Members	16
Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>1</u>
Total	<u>18</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan, continued

Contributions and Funding Policy

Due to the plan design as a cash balance pension plan, there are no actuarially determined contributions for the plan. The statutorily required contribution is 5% of covered employee payroll.

As a condition of participation, full-time members of the public works union are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with the statutorily required contribution, the Township contributed \$74,808 to the Plan for the year 2018.

Basis of Accounting

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 Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allocated by PMRS to each employer account pro-rata based on their beginning fiduciary net position.

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2018 was determined as part of an actuarial valuation at January 1, 2017. The measurement date for the net pension liability is December 31, 2016, which is no earlier than the end of the prior fiscal year. The actuarial assumptions used in the January 1, 2017 valuation are as follows:

Actuarial assumptions:	
Inflation rate	2.80%
Salary increases	3.30%
Investment rate of return	5.25%
Mortality rates	RP 2000 Mortality Table

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan, continued

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used by PMRS for each municipal plan, used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PMRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. PMRS is required by law to establish a discount rate equal to the regular interest rate. 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. Based upon the Plan's current targeted investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 5.25% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate.

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net Pension Liability	\$ 306,475	\$ (130,512)	\$ (566,300)

Long Term Expected Rate of Return on Investments

An experience study of PMRS was conducted in July 2015. The PMRS System's long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. Expected future real rates of return are based primarily on the 20 year historic nominal rates assuming that investment expenses will be offset by the additional return performance derived from active investment management. The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 3% to produce the rates of return. Best-estimates for each major class included in the Plan's target asset allocation as of December 31, 2017 are listed in the table below:

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan, continued

Long Term Expected Rate of Return on Investments, continued

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities Large Cap	25.0%	5.60%
Domestic Equities Mid/Small Cap	15.0%	7.20%
International Equities Developed Markets	15.0%	4.60%
International Equities Emerging Markets	10.0%	8.70%
Real Estate	20.0%	6.20%
Fixed Income	15.0%	2.10%
Total Net Blended Return		<u>5.60%</u>
Long Term Expected Rate of Return		7.30%

Police and Non Uniform Defined Benefit Pension Plans

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the Police Pension Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/17	\$ 46,580,019	\$ 28,781,743	\$ 17,798,276
Changes for the year:			
Service Cost	773,637	-	773,637
Interest	3,684,929	-	3,684,929
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,167,153	(2,167,153)
Contributions - State Aid	-	665,183	(665,183)
Contributions - Member	-	316,462	(316,462)
Net Investment Income	-	(923,856)	923,856
Benefit Payments	(2,584,096)	(2,584,096)	-
Administrative Expense	-	(14,926)	14,926
Other Changes	-	-	-
Net Changes	<u>1,874,470</u>	<u>(374,080)</u>	<u>2,248,550</u>
Balances at 12/31/18	<u>\$ 48,454,489</u>	<u>\$ 28,407,663</u>	<u>\$ 20,046,826</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police and Non Uniform Defined Benefit Pension Plans, continued

Changes in Net Pension Liability, continued

The following table shows the changes in net pension liability recognized over the measurement period for the Non Uniform Defined Benefit Pension Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/17	\$ 1,968,492	1,870,054	\$ 98,438
Changes for the year:			
Service Cost	148,369	-	148,369
Interest	106,054	-	106,054
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	63,012	(63,012)
Contributions - PMRS assessment	-	-	-
Contributions - Member	-	85,357	(85,357)
Net Investment Income	-	340,274	(340,274)
Benefit Payments	(5,191)	(5,191)	-
Administrative Expense	-	(360)	360
Other Changes	-	(4,910)	4,910
Net Changes	249,232	478,182	(228,950)
Balances at 12/31/18	\$ 2,217,724	\$ 2,348,236	\$ (130,512)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the Township recognized total pension expense of \$3,308,991 for the Police Pension Plan. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (122,353)
Changes in assumptions	583,923	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,908,795	-
Total	\$ 3,492,718	\$ (122,353)

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police and Non Uniform Defined Benefit Pension Plans, continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources, continued

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan will be recognized in the pension expense as follows:

Year ended December 31

2019	1,419,843
2020	781,681
2021	531,828
2022	637,013
2023	-
Thereafter	-

For the year ended December 31, 2018, the Township recognized total pension expense of negative \$38,850 for the Non Uniform Defined Benefit Pension Plan. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to the Non Uniform Defined Benefit Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 272	\$
Contributions subsequent to the measurement date	74,808	
Changes in assumptions	1,746	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,357	(186,810)
Total	\$ 97,183	\$ (186,810)

\$74,808 reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Non Uniform Defined Benefit Pension Plan will be recognized in the pension expense as follows:

Year ended December 31

2019	(33,016)
2020	(33,014)
2021	(52,926)
2022	(46,437)
2023	267
Thereafter	691

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Contribution Pension Plan

Plan Description

The Township administers the single-employer defined contribution pension plan in which all general and public safety employees of the Township, except uniformed police officers and public works union employees, are eligible to participate. The Plan is controlled by the provisions of Ordinance 98-4. The Plan is governed by the Board of Township Supervisors which may amend plan provisions, and which is responsible for the management of Plan assets. The Board of Township Supervisors has delegated the authority to manage Plan assets to ICMA Retirement Corporation.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 55
 - Vesting – 100% vested immediately
- *Member Contributions:* Not required

Summary of Significant Accounting Policies

The financial statements of the NUPP are prepared using the accrual basis of accounting. The Township's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Township's balance sheet date. The plan does not issue separate financial statements.

Contributions and Funding Policy

The contribution requirements of the Township are established and may be amended by the Board of Supervisors. Plan members are not required to contribute. The Township is required to contribute at a determined rate, which is currently 5% of annual covered payroll. The township contributed \$116,248 for the year ending December 31, 2018.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

COMBINING STATEMENT OF PLAN NET POSITION
ALL PENSION TRUST FUNDS
DECEMBER 31, 2018

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 13,072,747	\$ 13,072,747
Receivables		235,275	235,275
Investment, at fair value			
Common stock, mutual funds	2,261,801	15,102,781	17,364,582
TOTAL ASSETS	<u>2,261,801</u>	<u>28,410,803</u>	<u>30,672,604</u>
LIABILITIES			
Payables		3,140	3,140
TOTAL LIABILITIES	<u>-</u>	<u>3,140</u>	<u>3,140</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 2,261,801</u>	<u>\$ 28,407,663</u>	<u>\$ 30,669,464</u>

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
ALL PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

ADDITIONS			
Contributions			
Employer	\$ 116,248	\$ 2,167,153	\$ 2,283,401
Plan Member		316,462	316,462
Commonwealth		665,183	665,183
Total Contributions	<u>116,248</u>	<u>3,148,798</u>	<u>3,265,046</u>
Investment Income			
Dividend income		596,987	596,987
Net appreciation (depreciation) in fair value of investments	(93,593)	(1,444,943)	(1,538,536)
Total investment income	<u>(93,593)</u>	<u>(847,956)</u>	<u>(941,549)</u>
Less: investment expenses		75,901	75,901
Net investment income (loss)	<u>(93,593)</u>	<u>(923,857)</u>	<u>(1,017,450)</u>
TOTAL ADDITIONS	<u>22,655</u>	<u>2,224,941</u>	<u>2,247,596</u>
DEDUCTIONS			
Benefits	64,201	2,551,523	2,615,724
Reimbursements		32,573	32,573
Administrative expenses	972	14,925	15,897
Total deductions	<u>65,173</u>	<u>2,599,021</u>	<u>2,664,194</u>
Change in Net Position	<u>(42,518)</u>	<u>(374,080)</u>	<u>(416,598)</u>
NET POSITION BEGINNING YEAR	<u>2,304,319</u>	<u>28,781,743</u>	<u>31,086,062</u>
NET POSITION END OF YEAR	<u>\$ 2,261,801</u>	<u>\$ 28,407,663</u>	<u>\$ 30,669,464</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

F. Tax Abatements

The Township entered into an agreement with United States Steel Corporation (USS) for the period January 1, 2005 through December 31, 2018, in which USS agrees to pay \$75,000 annually to the township for police, fire and other municipal services. In accordance with Ordinance 2004-09, the property where USS is located is designated as Keystone Opportunity Improvement Subzone property (KOIZ), which authorizes qualified businesses to obtain tax incentives to locate within the Subzone in accordance with the Pennsylvania Keystone Opportunity Improvement Zone Act (KOZ Act). In order to qualify USS must be a qualified business as defined in Sections 301 and 307 of the KOZ Act and the property must be designated as KOIZ property. All taxes are abated in the agreement, including: Real Property Tax, Earned Income Tax, Business Privilege Tax, Occupancy & Use Tax of real property, local sales and use tax, Mercantile License tax, and Net Profits tax. The amount by which tax revenues were reduced as a result of this agreement in 2018 is approximately \$77,125.

G. Change in Accounting Principle

Effective January 1, 2018, the Township adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". As a result of implementing this statement, a prior period adjustment is required for the beginning net OPEB liability. The effect is a decrease in the net position of governmental activities of \$7,431,747, as detailed below.

	<u>Governmental Activities</u>
Beginning net position as previously reported at December 31, 2017	\$ 111,606,878
Prior period adjustment - Implementation of GASB 75:	
Net other post-employment benefits liability	<u>(7,431,747)</u>
Total prior period adjustment	<u>(7,431,747)</u>
Net position as restated, January 1, 2018	<u>\$ 104,175,131</u>

REQUIRED
SUPPLEMENTARY INFORMATION

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 662,062	\$ 756,746	\$ 794,583	\$ 736,797	\$ 773,637
Interest	2,962,558	3,249,829	3,398,444	3,539,586	3,684,929
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	1,873,097	-	(943,976)	-
Changes of Assumptions	-	-	-	926,401	-
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)	(2,584,096)
Net Change in Total Pension Liability	<u>1,697,024</u>	<u>3,804,230</u>	<u>1,895,032</u>	<u>1,850,018</u>	<u>1,874,470</u>
Total Pension Liability - Beginning	<u>37,333,715</u>	<u>39,030,739</u>	<u>42,834,969</u>	<u>44,730,001</u>	<u>46,580,019</u>
Total Pension Liability - Ending	<u>\$ 39,030,739</u>	<u>\$ 42,834,969</u>	<u>\$ 44,730,001</u>	<u>\$ 46,580,019</u>	<u>\$ 48,454,489</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,222,066	\$ 1,697,576	\$ 1,957,876	\$ 1,956,735	\$ 2,167,153
Contributions - State Aid	518,939	537,154	621,200	633,179	665,183
Contributions - Member	314,428	311,101	315,499	353,703	316,462
Net Investment Income	1,188,621	(190,002)	1,246,210	2,543,064	(923,856)
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)	(2,584,096)
Administrative Expense	-	(19,154)	-	(20,126)	(14,926)
Net Change in Plan Fiduciary Net Position	<u>1,316,458</u>	<u>261,233</u>	<u>1,842,790</u>	<u>3,057,765</u>	<u>(374,080)</u>
Plan Net Position - Beginning	<u>22,303,497</u>	<u>23,619,955</u>	<u>23,881,188</u>	<u>25,723,978</u>	<u>28,781,743</u>
Plan Net Position - Ending	<u>\$ 23,619,955</u>	<u>\$ 23,881,188</u>	<u>\$ 25,723,978</u>	<u>\$ 28,781,743</u>	<u>\$ 28,407,663</u>
Plan's Net Pension Liability	<u>\$ 15,410,784</u>	<u>\$ 18,953,781</u>	<u>\$ 19,006,023</u>	<u>\$ 17,798,276</u>	<u>\$ 20,046,826</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.5%	55.8%	57.5%	61.8%	58.6%
Covered Payroll	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344	\$ 6,348,464
Plan's Net Pension Liability as a Percentage of Covered Payroll	291.6%	319.9%	315.4%	288.1%	315.8%

Notes to schedules:

Assumption Change - In 2017, the mortality assumption was changed from the 1992 Railroad Board Table to the Blue Collar RP-2000 Table.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	2015	2016	2017	2018
Total Pension Liability				
Service Cost	\$ 136,121	\$ 131,154	\$ 136,023	\$ 148,369
Interest	75,226	86,385	98,040	106,054
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	113	132	168	-
Changes of Assumptions	-	471	1,770	-
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)	(5,191)
Net Change in Total Pension Liability	<u>206,269</u>	<u>212,951</u>	<u>230,810</u>	<u>249,232</u>
Total Pension Liability - Beginning	<u>1,318,462</u>	<u>1,524,731</u>	<u>1,737,682</u>	<u>1,968,492</u>
Total Pension Liability - Ending	<u>\$ 1,524,731</u>	<u>\$ 1,737,682</u>	<u>\$ 1,968,492</u>	<u>\$ 2,217,724</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 66,091	\$ 62,740	\$ 58,953	\$ 63,012
Contributions - PMRS assessments	-	-	20	-
Contributions - Member	70,029	68,414	77,070	85,357
Net Investment Income	70,284	(12,456)	131,230	340,274
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)	(5,191)
Administrative Expense	(3,256)	(3,971)	(5,180)	(5,270)
Net Change in Plan Fiduciary Net Position	<u>197,957</u>	<u>109,536</u>	<u>256,902</u>	<u>478,182</u>
Plan Net Position - Beginning	<u>1,305,659</u>	<u>1,503,616</u>	<u>1,613,152</u>	<u>1,870,054</u>
Plan Net Position - Ending	<u>\$ 1,503,616</u>	<u>\$ 1,613,152</u>	<u>\$ 1,870,054</u>	<u>\$ 2,348,236</u>
Plan's Net Pension Liability	<u>\$ 21,115</u>	<u>\$ 124,530</u>	<u>\$ 98,438</u>	<u>\$ (130,512)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	92.8%	95.0%	105.9%
Covered Payroll	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054	\$ 1,260,246
Plan's Net Pension Liability as a Percentage of Covered Payroll	1.6%	9.9%	8.3%	-10.4%

Notes to schedules:

None.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
 Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,060,137	\$ 1,570,253	\$ 1,313,893	\$ 1,318,901	\$ 1,470,557	\$ 1,741,005	\$ 2,234,730	\$ 2,579,076	\$ 2,589,914	\$ 2,832,336
Contributions made	1,060,137	1,570,253	1,313,893	1,318,901	1,470,557	1,741,005	2,234,730	2,579,076	2,589,914	2,832,336
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,312,643	\$ 4,209,698	\$ 4,574,694	\$ 4,628,098	\$ 4,719,500	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344	\$ 6,348,464
Contributions as a Percentage of Covered Payroll	24.6%	37.3%	28.7%	28.5%	31.2%	32.9%	37.7%	42.8%	41.9%	44.6%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated biennially as of January 1 - most recent valuation is January 1, 2017.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry Age
- Amortization method Level Dollar
- Asset valuation method 5 Year Smoothing
- Inflation 2.25%
- Salary Increases 5.00%
- Investment rate of return 8.00% (Net of pension plan investment expenses including inflation)
- Retirement age 50
- Mortality rates Blue Collar RP-2000 Mortality Table

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily determined contribution	\$ 66,432	\$ 63,080	\$ 59,293	\$ 63,372	\$ 74,808
Contributions made	<u>66,091</u>	<u>62,740</u>	<u>58,973</u>	<u>63,012</u>	<u>74,808</u>
Contribution deficiency (excess)	<u>\$ 341</u>	<u>\$ 340</u>	<u>\$ 320</u>	<u>\$ 360</u>	<u>\$ -</u>
Covered Payroll	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054	\$ 1,260,246	\$ 1,496,160
Contributions as a Percentage of Covered Payroll	5.00%	5.00%	5.00%	5.00%	5.00%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated biennially as of January 1 - most recent valuation is January 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Cost of living increases	2.80%
Salary Increases	3.30%
Investment rate of return	5.25% (Compounded annually, net of expenses)
Retirement age	60
Mortality rates	Males - RP-2000 Male Annuitant table projected 5 years with Scale AA; Females - RP-2000 Female Annuitant table projected 10 years with Scale AA

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION PLAN
Last Ten Fiscal Years *

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>
Annual money-weighted rate of return, net of investment expenses	\$	5.50%	\$	-0.83%	\$	5.16%	\$	9.89%	\$ -3.24%

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expenses	\$ 5.20%	\$ -0.27%	\$ 8.23%	\$ 17.84%	\$ 8.60%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PLAN'S NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years *

	2017	2018
Total OPEB Liability		
Service Cost	\$ 206,828	\$ 217,169
Interest	410,283	415,612
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments	(474,056)	(496,584)
Net Change in Total OPEB Liability	143,055	136,197
Total OPEB Liability - Beginning	10,971,063	11,114,118
Total OPEB Liability - Ending	\$ 11,114,118	\$ 11,250,315
Plan Fiduciary Net Position		
Contributions - Employer	\$ -	\$ -
Contributions - State Aid	-	-
Contributions - Member	-	-
Net Investment Income	-	-
Benefit Payments	-	-
Administrative Expense	-	-
Net Change in Plan Fiduciary Net Position	-	-
Plan Net Position - Beginning	-	-
Plan Net Position - Ending	\$ -	\$ -
Plan's Net OPEB Liability	\$ 11,114,118	\$ 11,250,315
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%
Covered Payroll	\$ 9,101,282	\$ 9,556,346
Plan's Net OPEB Liability as a Percentage of Covered Payroll	122.1%	117.7%

Notes to schedules:

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Fire Hydrant Fund – This fund is used to account for the revenue derived from a .34 mill real estate tax levy. The revenues of this fund are restricted to expenditures for the maintenance and repair of fire hydrants located within the Township.

Highway Aid Fund – This fund is used to account for the Township's share of the Liquid Fuels Grant disbursed by the Commonwealth of Pennsylvania. All monies in this fund are expended in accordance with Pennsylvania Department of Transportation rules and regulations for the construction, reconstruction and maintenance of all locally-owned roads, streets and bridges.

Street Lighting Fund – This fund is used to account for revenue derived from a .90 mill real estate tax levy. Major expenditures include the cost of electricity and maintenance of the highway and street lights located in the Township.

Fire Protection Fund – This fund is used to account for revenue derived from a 1.25 mill real estate tax levy in accordance with the agreement between the Township and local fire companies.

Library Fund – This fund is used to account for revenue derived from a .14 mill real estate tax levy to help support the Falls library.

Recycling Fund – This fund is used to account for revenue generated by the contractual agreement with GROWS and the Township. The percentage of revenue received from the dumping fees is restricted to subsequent recycling expenditures.

Parks and Recreation Fund – This fund is used to account for revenue derived from a 1.46 mill real estate tax levy that is restricted to the development of programs that are recreational in nature – such as maintenance of Township parks, Community Youth Association, the Senior Citizen's Association, Township committees, parades and civic events.

Rescue Squad Fund – This fund is used to account for revenue derived from a .50 mill real estate tax levy that is funding the local rescue squad.

Crime Prevention Fund – This fund is used to account for revenue from federal, state and local grants that are used to provide education to youth on the dangers of drug use.

TOWNSHIP OF FALLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue										Total Nonmajor Governmental Funds
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention	-	
ASSETS											
Cash and cash equivalents	\$ 95,938		\$ 216,741	\$ 11,214	\$ 26	\$ 451,296	\$ 192,707	\$ 15,641	\$ 83,688	\$ 1,056,037	
Receivables									25,000	25,000	
Taxes receivable	3,031		8,426	11,214	1,256		12,739	4,485		41,151	
Interfund receivable		947,675					214			947,889	
Prepaid items							15,044		4,428	19,472	
TOTAL ASSETS	\$ 98,969	\$ 947,675	\$ 225,167	\$ 11,214	\$ 1,282	\$ 451,296	\$ 220,704	\$ 20,126	\$ 113,116	\$ 2,089,549	
LIABILITIES											
Accounts payable	\$ 14,904	\$ 11,131	\$ 1,533	\$ 1,411	\$ -	\$ -	\$ 7,657	\$ -	\$ 8,823	\$ 45,459	
Interfund payable		17,975		2,497			496			20,968	
Deposits							250			250	
Salaries and benefits payable							26,753		3,457	30,210	
TOTAL LIABILITIES	14,904	29,106	1,533	3,908	-	-	35,156	-	12,280	96,887	
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - real estate taxes	2,837		7,902	10,498	1,176		11,911	4,199		38,523	
TOTAL DEFERRED INFLOWS OF RESOURCES	2,837	-	7,902	10,498	1,176	-	11,911	4,199	-	38,523	
FUND BALANCES											
Nonspendable:											
Prepaid items							15,044		4,428	19,472	
Restricted for:											
Recycling expenditures						451,296				451,296	
Parks and recreation							158,593			158,593	
Rescue Squad								15,927		15,927	
Crime prevention								96,408		96,408	
Fire hydrant	81,228									81,228	
Library					106					106	
Highway aid		918,569								918,569	
Street lighting			215,732	(3,192)						215,732	
Unassigned										(3,192)	
TOTAL FUND BALANCES (DEFICITS)	81,228	918,569	215,732	(3,192)	106	451,296	173,637	15,927	100,836	1,954,139	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 98,969	\$ 947,675	\$ 225,167	\$ 11,214	\$ 1,282	\$ 451,296	\$ 220,704	\$ 20,126	\$ 113,116	\$ 2,089,549	

TOWNSHIP OF FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue										Total Nonmajor Governmental Funds	
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention			
REVENUES												
Taxes												
Property	\$ 108,868	\$ 947,675	\$ 288,593	\$ 400,268	\$ 44,831	\$ -	\$ 467,116	\$ 160,109	\$ -	\$ -	\$ 1,469,785	
Motor fuel tax	3,532		9,349	12,985	1,454		15,166	5,194			947,675	
Payment in lieu of taxes	266	11,221	683	192	3	2,796	6,606	78	74		47,680	
Interest earnings							8,790				21,919	
Rents											8,790	
Intergovernmental				203,277			189,181				203,277	
Charges for services							4,700				189,181	
Contributions and donations									44,100		44,100	
TOTAL REVENUES	112,666	958,896	298,625	616,722	46,288	2,796	691,559	165,381	44,174	-	2,937,107	
EXPENDITURES												
Current												
Public safety	87,749			611,403							1,214,460	
Public works - highways and streets		881,685	250,314					154,883		360,425	1,131,999	
Culture and recreation					45,000		782,499				827,499	
Capital outlay												
General government												
Public safety		87,750	32,830									
Public works - highways and streets												
Culture and recreation												
TOTAL EXPENDITURES	87,749	969,435	283,144	611,403	45,000	-	782,499	154,883	360,425	-	3,294,538	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,917	(10,539)	15,481	5,319	1,288	2,796	(90,940)	10,498	(316,251)	-	(357,431)	
OTHER FINANCING SOURCES (USES)												
Transfers in				12,000							12,000	
Transfers out												
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	12,000	-	-	100,000	-	350,000	-	462,000	
NET CHANGES IN FUND BALANCES	24,917	(10,539)	15,481	17,319	1,288	2,796	9,060	10,498	33,749	-	104,569	
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	56,311	929,108	200,251	(20,511)	(1,182)	448,500	164,577	5,429	67,087	-	1,849,570	
FUND BALANCES (DEFICITS), END OF YEAR	\$ 81,228	\$ 918,569	\$ 215,732	\$ (3,192)	\$ 106	\$ 451,296	\$ 173,637	\$ 15,927	\$ 100,836	\$ -	\$ 1,954,139	

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE HYDRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 111,241	\$ 111,241	\$ 108,868	\$ (2,373)
Payment in lieu of taxes	3,532	3,532	3,532	-
Interest earnings	50	50	266	216
TOTAL REVENUES	<u>114,823</u>	<u>114,823</u>	<u>112,666</u>	<u>(2,157)</u>
EXPENDITURES				
Current				
Public safety	87,000	87,000	87,749	(749)
TOTAL EXPENDITURES	<u>87,000</u>	<u>87,000</u>	<u>87,749</u>	<u>(749)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>27,823</u>	<u>27,823</u>	<u>24,917</u>	<u>(2,906)</u>
FUND BALANCE, BEGINNING	<u>56,704</u>	<u>56,704</u>	<u>56,311</u>	<u>(393)</u>
FUND BALANCE, ENDING	<u>\$ 84,527</u>	<u>\$ 84,527</u>	<u>\$ 81,228</u>	<u>\$ (3,299)</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HIGHWAY AID SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Motor fuel tax	\$ 931,914	\$ 931,914	\$ 947,675	\$ 15,761
Interest earnings	1,200	1,200	11,221	10,021
TOTAL REVENUES	<u>933,114</u>	<u>933,114</u>	<u>958,896</u>	<u>25,782</u>
EXPENDITURES				
Current				
Public works - highways and streets	1,024,310	1,024,310	881,685	142,625
Capital outlay				
Public works - highways and streets	90,000	90,000	87,750	2,250
TOTAL EXPENDITURES	<u>1,114,310</u>	<u>1,114,310</u>	<u>969,435</u>	<u>144,875</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(181,196)	(181,196)	(10,539)	170,657
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	(181,196)	(181,196)	(10,539)	170,657
FUND BALANCE, BEGINNING	<u>534,490</u>	<u>534,490</u>	<u>929,108</u>	<u>394,618</u>
FUND BALANCE, ENDING	<u>\$ 353,294</u>	<u>\$ 353,294</u>	<u>\$ 918,569</u>	<u>\$ 565,275</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STREET LIGHTING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 297,308	\$ 297,308	\$ 288,593	\$ (8,715)
Payment in lieu of taxes	9,349	9,349	9,349	-
Interest earnings	100	100	683	583
TOTAL REVENUES	<u>306,757</u>	<u>306,757</u>	<u>298,625</u>	<u>(8,132)</u>
EXPENDITURES				
Current				
Public works - highways and streets	290,000	290,000	250,314	39,686
Capital outlay				
Public works - highways and streets			32,830	(32,830)
TOTAL EXPENDITURES	<u>290,000</u>	<u>290,000</u>	<u>283,144</u>	<u>6,856</u>
NET INCREASE (DECREASE) IN FUND BALANCE	16,757	16,757	15,481	(14,988)
FUND BALANCE, BEGINNING	<u>180,675</u>	<u>180,675</u>	<u>200,251</u>	<u>19,576</u>
FUND BALANCE, ENDING	<u>\$ 197,432</u>	<u>\$ 197,432</u>	<u>\$ 215,732</u>	<u>\$ 18,300</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 411,675	\$ 411,675	\$ 400,268	\$ (11,407)
Payment in lieu of taxes	12,985	12,985	12,985	-
Intergovernmental	225,000	225,000	203,277	(21,723)
Interest earnings	75	75	192	117
TOTAL REVENUES	649,735	649,735	616,722	(33,013)
EXPENDITURES				
Current				
Public Safety	637,900	637,900	611,403	26,497
TOTAL EXPENDITURES	637,900	637,900	611,403	26,497
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,835	11,835	5,319	(59,510)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	12,000	-
NET INCREASE (DECREASE) IN FUND BALANCE	23,835	23,835	17,319	(59,510)
FUND BALANCE (DEFICIT), BEGINNING	(23,493)	(23,493)	(20,511)	2,982
FUND BALANCE (DEFICIT), ENDING	\$ 342	\$ 342	\$ (3,192)	\$ (56,528)

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LIBRARY SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 45,947	\$ 45,947	\$ 44,831	\$ (1,116)
Payment in lieu of taxes	1,454	1,454	1,454	-
Interest earnings	10	10	3	(7)
TOTAL REVENUES	<u>47,411</u>	<u>47,411</u>	<u>46,288</u>	<u>(1,123)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>2,411</u>	<u>2,411</u>	<u>1,288</u>	<u>(1,123)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>(1,837)</u>	<u>(1,837)</u>	<u>(1,182)</u>	<u>655</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 574</u>	<u>\$ 574</u>	<u>\$ 106</u>	<u>\$ (468)</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PARK AND RECREATION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 479,105	\$ 479,105	\$ 467,116	\$ (11,989)
Payment in lieu of taxes	15,166	15,166	15,166	-
Rents	9,000	9,000	8,790	(210)
Charges for services	184,000	184,000	189,181	5,181
Interest earnings	1,100	1,100	6,606	5,506
Contributions and donations	4,000	4,000	4,700	700
TOTAL REVENUES	<u>692,371</u>	<u>692,371</u>	<u>691,559</u>	<u>(812)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>887,788</u>	<u>887,788</u>	<u>782,499</u>	<u>105,289</u>
TOTAL EXPENDITURES	<u>887,788</u>	<u>887,788</u>	<u>782,499</u>	<u>105,289</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(195,417)</u>	<u>(195,417)</u>	<u>(90,940)</u>	<u>104,477</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(95,417)	(95,417)	9,060	104,477
FUND BALANCE (DEFICIT), BEGINNING	<u>163,732</u>	<u>163,732</u>	<u>164,577</u>	<u>845</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 68,315</u>	<u>\$ 68,315</u>	<u>\$ 173,637</u>	<u>\$ 105,322</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RESCUE SQUAD SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 164,160	\$ 164,160	\$ 160,109	\$ (4,051)
Payment in lieu of taxes	5,194	5,194	5,194	-
Interest earnings	25	25	78	53
TOTAL REVENUES	<u>169,379</u>	<u>169,379</u>	<u>165,381</u>	<u>(3,998)</u>
EXPENDITURES				
Current				
Public safety	<u>161,000</u>	<u>161,000</u>	<u>154,883</u>	<u>6,117</u>
TOTAL EXPENDITURES	<u>161,000</u>	<u>161,000</u>	<u>154,883</u>	<u>6,117</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>8,379</u>	<u>8,379</u>	<u>10,498</u>	<u>2,119</u>
FUND BALANCE, BEGINNING	<u>4,446</u>	<u>4,446</u>	<u>5,429</u>	<u>983</u>
FUND BALANCE, ENDING	<u>\$ 12,825</u>	<u>\$ 12,825</u>	<u>\$ 15,927</u>	<u>\$ 3,102</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CRIME PREVENTION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$	\$	\$ 74	\$ 74
Contributions and donations	61,750	61,750	44,100	(17,650)
TOTAL REVENUES	<u>61,750</u>	<u>61,750</u>	<u>44,174</u>	<u>(17,576)</u>
EXPENDITURES				
Current				
Public safety	439,762	439,762	360,425	79,337
TOTAL EXPENDITURES	<u>439,762</u>	<u>439,762</u>	<u>360,425</u>	<u>79,337</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(378,012)</u>	<u>(378,012)</u>	<u>(316,251)</u>	<u>61,761</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
NET INCREASE (DECREASE) IN FUND BALANCE	(28,012)	(28,012)	33,749	61,761
FUND BALANCE, BEGINNING	<u>67,400</u>	<u>67,400</u>	<u>67,087</u>	<u>(313)</u>
FUND BALANCE, ENDING	<u>\$ 39,388</u>	<u>\$ 39,388</u>	<u>\$ 100,836</u>	<u>\$ 61,448</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ 7,000	\$ 7,000	\$ 31,249	\$ 24,249
Intergovernmental			-	-
Refunds of prior years			-	-
TOTAL REVENUES	7,000	7,000	31,249	24,249
EXPENDITURES				
Current				
General Government	74,000	74,000	77,301	(3,301)
Public works - highways and streets	-	-	-	-
Culture and recreation	500	500	6,391	(5,891)
Capital Outlay				
General Government	19,000	19,000	-	19,000
TOTAL EXPENDITURES	93,500	93,500	83,692	9,808
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(86,500)	(86,500)	(52,443)	34,057
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	(86,500)	(86,500)	(52,443)	34,057
FUND BALANCE, BEGINNING	2,153,907	2,153,907	2,150,376	(3,531)
FUND BALANCE, ENDING	\$ 2,067,407	\$ 2,067,407	\$ 2,097,933	\$ 30,526

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Fiduciary Funds

Combining Financial Statements

Pension Trust Funds

Police Pension Trust Fund – This fund accounts for the accumulation of resources for pension benefit payments to qualified uniformed police officers.

Non-uniformed Pension Trust Fund – This fund accounts for the accumulation of resources for pension benefit payments to qualified employees of the Township other than uniformed officers.

Schedule of Changes in Assets and Liabilities

Agency Fund

Township Escrow and Subdivision Fund – This fund is used to account for assets held by the Township in agent capacity for developers as required by developer agreements

TOWNSHIP OF FALLS
COMBINING STATEMENT OF PLAN NET POSITION

ALL PENSION TRUST FUNDS

DECEMBER 31, 2018

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 13,072,747	\$ 13,072,747
Receivables		235,275	235,275
Investment, at fair value			
Common stock, mutual funds	2,261,801	15,102,781	17,364,582
TOTAL ASSETS	2,261,801	28,410,803	30,672,604
LIABILITIES			
Payables		3,140	3,140
TOTAL LIABILITIES	-	3,140	3,140
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 2,261,801	\$ 28,407,663	\$ 30,669,464

TOWNSHIP OF FALLS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

ALL PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Non-Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 116,248	\$ 2,167,153	\$ 2,283,401
Plan Member		316,462	316,462
Commonwealth		665,183	665,183
Total Contributions	<u>116,248</u>	<u>3,148,798</u>	<u>3,265,046</u>
Investment Income			
Dividend income		596,987	596,987
Net appreciation (depreciation) in fair value of investments	(93,593)	(1,444,943)	(1,538,536)
Total investment income	<u>(93,593)</u>	<u>(847,956)</u>	<u>(941,549)</u>
Less: investment expenses		75,901	75,901
Net investment income (loss)	<u>(93,593)</u>	<u>(923,857)</u>	<u>(1,017,450)</u>
TOTAL ADDITIONS	<u>22,655</u>	<u>2,224,941</u>	<u>2,247,596</u>
DEDUCTIONS			
Benefits	64,201	2,551,523	2,615,724
Reimbursements		32,573	32,573
Administrative expenses	972	14,925	15,897
Total deductions	<u>65,173</u>	<u>2,599,021</u>	<u>2,664,194</u>
Change in Net Position	(42,518)	(374,080)	(416,598)
NET POSITION BEGINNING YEAR	<u>2,304,319</u>	<u>28,781,743</u>	<u>31,086,062</u>
NET POSITION END OF YEAR	<u>\$ 2,261,801</u>	<u>\$ 28,407,663</u>	<u>\$ 30,669,464</u>

TOWNSHIP OF FALLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TOWNSHIP ESCROW SUBDIVISION FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
<u>TOWNSHIP ESCROW AND SUBDIVISION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 3,255,404	\$ 670,816	\$ 569,150	\$ 3,357,070
Accounts receivable	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>1,704</u>
TOTAL ASSETS	<u>\$ 3,257,108</u>	<u>\$ 670,816</u>	<u>\$ 569,150</u>	<u>\$ 3,358,774</u>
LIABILITIES				
Deposits	<u>\$ 3,257,108</u>	<u>\$ 670,816</u>	<u>\$ 569,150</u>	<u>\$ 3,358,774</u>
TOTAL LIABILITIES	<u>\$ 3,257,108</u>	<u>\$ 670,816</u>	<u>\$ 569,150</u>	<u>\$ 3,358,774</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWNSHIP OF FALLS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018

	2017	2018
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 16,460,926	\$ 16,460,926
Construction in progress	889,354	746,526
Building	5,964,291	5,964,291
Machinery and Equipment	5,273,868	5,358,080
Improvements	15,600,652	15,990,579
Infrastructure	112,523,952	113,870,269
Vehicles	3,922,590	3,923,262
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 160,635,633	\$ 162,313,933

	2017	2018
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,649,855	2,770,435
Capital Reserve Fund	5,243,954	5,243,954
Host Community Fees Fund	140,517,997	142,075,717
Donations	5,741,587	5,741,587
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 160,635,633	\$ 162,313,933

TOWNSHIP OF FALLS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2018

Function and Activity	Land	Construction in progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Total
General government:								
Supervisors			\$ 29,444		\$ 6,739			\$ 36,183
Manager					17,741			17,741
Finance and Administration			2,690,051		543,183			3,233,234
Other-unclassified		\$ 746,526	458,969		87,872			1,293,367
Total general government	-	746,526	3,178,464	-	655,535	-	-	4,580,525
Public Safety								
Police			188,233		2,055,150		\$ 2,116,139	\$ 4,359,522
Fire and Emergency					44,204		171,269	215,473
License and Inspection					46,847		104,298	151,145
Total public safety		-	188,233	-	2,146,201	-	2,391,706	4,726,140
Highways and Streets:								
Engineering			\$ 646,771	\$ 19,375	\$ 2,225,719	\$ 5,908,607	\$ 1,440,203	\$ 6,555,378
Maintenance	\$ 1,757,000					241,960		3,927,257
Street System	1,757,000		646,771	19,375	2,225,719	107,719,702		109,476,702
Total highways and streets		-				113,870,269	1,440,203	119,959,337
Culture and recreation	14,703,926		1,950,823	15,971,204	330,625		91,353	33,047,931
Total governmental funds capital assets	\$ 16,460,926	\$ 746,526	\$ 5,964,291	\$ 15,990,579	\$ 5,358,080	\$ 113,870,269	\$ 3,923,262	\$ 162,313,933

TOWNSHIP OF FALLS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets December 31, 2018</u>
General Government				
Supervisors	\$ 36,183	\$ -	\$ -	\$ 36,183
Manager	17,741	-	-	17,741
Finance and Administration	3,817,338	-	-	3,817,338
Other-Unclassified	<u>720,505</u>	<u>-</u>	<u>-</u>	<u>720,505</u>
Total general government	4,591,767	-	-	4,591,767
Public Safety				
Police	4,451,146	158,262	261,128	4,348,280
Fire and Emergency Management	182,944	32,529	-	215,473
License and Inspection	<u>130,982</u>	<u>33,961</u>	<u>13,798</u>	<u>151,145</u>
Total public safety	4,765,072	224,752	274,926	4,714,898
Highway and Streets				
Engineering	6,246,096	309,282	-	6,555,378
Maintenance	3,791,761	266,169	130,673	3,927,257
Street system	<u>108,456,888</u>	<u>1,019,814</u>	<u>-</u>	<u>109,476,702</u>
Total highways and streets	118,494,745	1,595,265	130,673	119,959,337
Culture and recreation	<u>32,784,049</u>	<u>263,882</u>	<u>-</u>	<u>33,047,931</u>
Total governmental funds capital assets	<u>\$ 160,635,633</u>	<u>\$ 2,083,899</u>	<u>\$ 405,599</u>	<u>\$ 162,313,933</u>

STATISTICAL SECTION

**TOWNSHIP OF FALLS
COUNTY OF BUCKS, PENNSYLVANIA**

Statistical Section

This part of the Falls Township Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

Contents

Financial trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operating information

These schedules contain service and miscellaneous data to help the reader understand how the information in the Township's financial report relates to the service the Township provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWNSHIP OF FALLS
 Net Position by Components
 Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net position, invested in capital assets	\$ 89,222,686	\$ 91,172,798	\$ 92,304,493	\$ 94,701,771	\$ 96,366,283	\$ 95,245,982	\$ 89,871,750	\$ 88,258,738	\$ 85,897,168	\$ 86,400,724
Restricted	1,937,753	1,853,004	1,130,649	616,792	693,937	864,626	1,137,956	1,095,729	654,164	5,993,448
Unrestricted	17,496,375	18,581,076	16,378,231	18,405,489	36,613,764	40,705,849	47,395,896	51,226,521	55,366,230	51,556,593
Total governmental activities net position	\$ 108,656,814	\$ 111,606,878	\$ 109,813,373	\$ 113,724,052	\$ 133,673,964	\$ 136,816,437	\$ 138,405,602	\$ 140,580,988	\$ 141,917,562	\$ 143,950,765
Business-type activities										
Net position, invested in capital assets	\$ 164,673	\$ 166,646	\$ 168,619	\$ 170,592	\$ 172,565	\$ 174,538	\$ 176,511	\$ 178,484	\$ 180,457	\$ 182,700
Restricted	(165,406)	(132,911)	(128,453)	(104,443)	(155,568)	(175,414)	(203,530)	(155,563)	(258,693)	(253,056)
Unrestricted	(733)	33,735	42,166	66,149	16,979	(876)	(27,019)	22,921	(78,236)	(90,356)
Total business-type activities net position	\$ (733)	\$ 33,735	\$ 42,166	\$ 66,149	\$ 16,979	\$ (876)	\$ (27,019)	\$ 22,921	\$ (78,236)	\$ (90,356)
Primary government										
Net position, invested in capital assets	\$ 89,387,359	\$ 91,339,444	\$ 92,473,112	\$ 94,872,363	\$ 96,538,828	\$ 95,420,500	\$ 90,048,261	\$ 88,437,222	\$ 86,077,625	\$ 86,563,424
Restricted	1,937,753	1,853,004	1,130,649	616,792	693,937	864,626	1,137,956	1,095,729	654,164	5,993,448
Unrestricted	17,330,969	18,448,165	16,251,778	18,301,046	36,458,178	40,530,435	47,192,366	51,070,958	55,107,537	51,303,537
Total primary government net position	\$ 108,656,081	\$ 111,640,613	\$ 109,855,539	\$ 113,790,201	\$ 133,690,943	\$ 136,815,561	\$ 138,378,583	\$ 140,603,909	\$ 141,839,326	\$ 143,860,409

Note: GASB Statement No. 68 has been implemented beginning in the 2015 year and the prior years have not been restated.

Source: Falls Township records

TOWNSHIP OF FALLS
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
General government	\$ 2,873,517	\$ 2,777,044	\$ 2,526,600	\$ 2,604,253	\$ 2,713,828	\$ 2,573,012	\$ 2,415,703	\$ 2,240,103	\$ 2,139,446	\$ 1,820,889
Public safety	18,673,866	18,450,556	18,063,659	17,048,216	16,080,941	15,554,489	14,586,506	14,122,814	13,656,438	12,209,438
Public works - highways and streets	6,304,948	6,143,092	5,964,181	6,112,069	6,196,874	5,817,812	5,530,481	5,289,057	5,078,350	4,808,901
Culture and recreation	1,702,130	1,647,909	1,583,519	1,381,797	1,826,865	1,902,802	1,837,690	1,782,852	1,477,633	1,383,156
Debt service interest	-	-	-	-	-	-	-	-	-	102,584
Total governmental activities expenses	29,554,461	29,018,601	28,137,959	27,146,335	26,820,508	25,848,115	24,372,380	23,434,826	22,351,867	20,334,978
Business-type activities										
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-	-
Pinewood Pool	220,009	186,823	201,255	191,930	169,094	222,846	226,079	215,598	198,378	195,939
Total business-type activities expenses	220,009	186,823	201,255	191,930	169,094	222,846	226,079	215,598	198,378	195,939
Total primary government expenses	\$ 29,774,470	\$ 29,205,424	\$ 28,339,214	\$ 27,338,265	\$ 26,989,602	\$ 26,070,961	\$ 24,598,459	\$ 23,650,424	\$ 22,550,245	\$ 20,530,917
Program revenues										
Governmental activities										
Charges for services	\$ 1,084,762	\$ 1,168,042	\$ 1,221,268	\$ 1,126,255	\$ 1,089,257	\$ 1,021,066	\$ 953,299	\$ 945,872	\$ 911,525	\$ 713,199
General government	1,664,920	1,710,954	1,683,666	1,562,830	1,547,850	1,537,430	1,496,699	1,431,035	1,194,309	1,581,276
Public safety	88,563	49,849	40,756	83,773	55,208	140,425	59,570	38,004	50,025	163,665
Public works - highways and streets	189,182	203,229	183,297	154,321	155,373	178,347	174,219	180,091	153,921	155,546
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Operating grants & contributions	827,383	633,179	704,953	600,873	630,338	628,019	579,781	867,321	514,492	501,355
General government	247,377	263,627	300,765	279,659	296,721	312,828	278,797	467,220	328,894	303,046
Public safety	1,178,465	1,160,217	893,062	737,750	822,537	702,500	864,175	645,539	959,143	643,554
Public works - highways and streets	4,689	6,800	4,718	12,468	670	30	32	-	2,500	5,085
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	5,285,351	5,195,897	5,032,485	4,557,929	4,597,954	4,520,645	4,408,572	4,575,082	4,114,809	4,066,728
Business-type activities										
Charges for services	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-	-
Pinewood Pool	185,525	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498	114,838
Total business-type activities program revenues	185,525	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498	114,838
Total primary government program revenues	\$ 5,470,876	\$ 5,374,289	\$ 5,209,757	\$ 4,742,029	\$ 4,754,903	\$ 4,694,634	\$ 4,582,711	\$ 4,741,837	\$ 4,255,307	\$ 4,181,564
Net (Expense)/Revenue	\$(24,269,110)	\$(23,822,704)	\$(23,105,474)	\$(22,588,406)	\$(22,222,554)	\$(21,327,470)	\$(19,965,808)	\$(18,859,744)	\$(18,237,058)	\$(16,266,252)
Governmental activities	(34,484)	(8,431)	(23,983)	(7,830)	(12,145)	(48,857)	(49,940)	(48,843)	(57,880)	(81,101)
Business-type activities	\$(24,303,594)	\$(23,831,135)	\$(23,129,457)	\$(22,596,236)	\$(22,234,699)	\$(21,376,327)	\$(20,015,748)	\$(18,908,587)	\$(18,294,938)	\$(16,349,353)

Fiscal Year

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General revenues and other changes in net position										
Governmental activities										
Property taxes, levied for general purposes	\$ 2,285,129	\$ 2,284,653	\$ 2,261,598	\$ 2,265,384	\$ 2,270,450	\$ 2,263,235	\$ 2,274,529	\$ 2,279,128	\$ 2,280,492	\$ 2,321,546
Real estate transfer taxes	836,009	843,218	831,173	727,455	664,784	858,764	582,059	361,953	323,164	531,353
Local Services taxes	644,855	399,195	418,884	406,667	404,511	371,842	371,546	376,399	402,011	393,200
Mechanical device tax	35,138	34,201	31,414	32,015	34,285	34,023	33,583	36,372	32,513	23,778
Other taxes	13,075	13,105	14,279	14,279	14,173	13,288	14,328	12,938	13,539	14,109
Payment in lieu of taxes	75,000	75,000	74,650	75,000	75,000	75,000	75,459	75,000	75,000	75,000
Contributions not restricted to specific programs	24,172,523	21,706,453	15,256,922	14,298,232	15,419,498	16,082,578	14,104,136	13,179,521	11,979,130	11,617,345
Investment earnings	508,272	182,793	222,764	161,521	176,550	37,434	288,455	958,489	1,113,180	1,273,261
Miscellaneous revenues	163,838	77,591	79,525	72,437	46,510	77,141	46,327	529,619	54,826	179,229
Gain / Loss on sale of capital assets	16,954	-	3,586	-	4,320	-	-	-	-	-
Transfers	-	-	-	(57,000)	(30,000)	(75,000)	-	(150,000)	(70,000)	-
Total governmental activities	28,750,793	25,616,209	19,194,795	17,995,990	19,080,081	19,736,305	17,790,422	17,659,419	16,203,855	16,428,841
Business-type activities										
Investment earnings	16	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	57,000	30,000	75,000	-	150,000	70,000	-
Total business-type activities	16	-	-	57,000	30,000	75,000	-	150,000	70,000	-
Total primary government	\$ 28,750,809	\$ 25,616,209	\$ 19,194,795	\$ 18,052,990	\$ 19,110,081	\$ 19,813,305	\$ 17,790,422	\$ 17,809,419	\$ 16,273,855	\$ 16,428,841
Change in net position										
Governmental activities	\$ 4,481,683	\$ 1,793,505	\$ (3,910,679)	\$ (4,592,416)	\$ (3,142,473)	\$ (1,589,165)	\$ (2,175,386)	\$ (1,200,325)	\$ (2,033,203)	\$ 160,589
Business-type activities	(34,468)	(8,431)	(23,983)	49,170	17,855	26,143	(49,940)	101,157	12,120	(81,101)
Total primary government	\$ 4,447,215	\$ 1,785,074	\$ (3,934,662)	\$ (4,543,246)	\$ (3,124,618)	\$ (1,563,022)	\$ (2,225,326)	\$ (1,099,168)	\$ (2,021,083)	\$ 79,488

Source: Falls Township records

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TOWNSHIP OF FALLS
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable:										
Prepaid items	\$ 526,682	\$ 477,349	\$ 476,441	\$ 230,604	\$ 233,547	\$ 196,903	\$ 204,163	\$ 169,290		
Assigned to:										
Capital projects	8,102,212	4,561,979	16,522,982	9,834,657	9,201,402	8,429,981	17,326,670	10,520,582		
Subsequent year's budget	-	-	-	107,497	798,013	8,932,781	9,926,276	818,577		
Unassigned	35,759,191	32,186,591	17,372,557	25,226,617	26,488,008	22,781,297	14,616,130	24,783,566		
Unreserved									\$ 1,224,634	\$ 1,182,347
Reserved									175,009	109,817
Total General fund	\$ 44,388,085	\$ 37,225,919	\$ 34,371,980	\$ 35,399,375	\$ 36,720,970	\$ 40,340,962	\$ 42,073,239	\$ 36,292,015	\$ 1,399,643	\$ 1,292,164
All other governmental funds										
Nonspendable:										
Prepaid items	\$ 19,472	\$ 18,259	\$ 18,992	\$ 6,819	\$ 5,261	\$ -	\$ -	\$ -		
Restricted for:										
Culture and recreation	158,593	150,597	5,798	-	-	-	120,805	333,961		
Fire protection	-	-	-	-	-	-	1,663	-		
Library support	106	-	-	-	-	-	372	922		
Rescue squad services	15,927	5,429	4,978	4,722	3,509	1,929	-	135		
Recycling expenditures	451,296	448,500	447,261	446,485	446,335	446,235	446,108	445,943		
Fire hydrant	81,228	56,311	33,123	10,845	-	-	-	-		
Highway aid	918,569	929,108	430,561	52,404	178,854	222,604	427,175	290,572		
Street Lighting	215,732	200,251	172,011	113,158	65,239	-	-	-		
Crime prevention	96,408	62,808	36,917	-	-	193,858	141,833	24,196		
Assigned to:										
Capital projects	2,097,933	2,150,376	2,227,944	2,371,834	2,978,281	3,054,331	7,590,030	16,576,441		
Unassigned	(3,192)	(21,893)	(16,507)	(52,215)	(61,846)	(201,774)	(128,119)	(63,334)		
Unreserved, reported in:										
Special revenue funds									\$ 38,871,974	\$ 34,903,155
Permanent funds									65,642	65,557
Capital projects funds									111,729	5,261,072
Reserved, reported in:										
Capital projects funds									16,795,212	16,795,212
Total all other governmental funds	\$ 4,052,072	\$ 3,999,946	\$ 3,361,078	\$ 2,954,052	\$ 3,615,633	\$ 3,717,183	\$ 8,599,867	\$ 17,608,836	\$ 55,844,557	\$ 57,024,996
Total Governmental Funds	\$ 48,440,157	\$ 41,225,865	\$ 37,733,058	\$ 38,353,427	\$ 40,336,603	\$ 44,058,145	\$ 50,673,106	\$ 53,900,851	\$ 57,244,200	\$ 58,317,160

Note: GASB Statement No. 54 has been implemented prospectively beginning in the 2011 year and the prior years have not been restated.

Source: Falls Township records

TOWNSHIP OF FALLS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes										
Property	\$ 2,311,956	\$ 2,272,548	\$ 2,265,864	\$ 2,261,982	\$ 2,284,798	\$ 2,268,738	\$ 2,268,828	\$ 2,279,211	\$ 2,269,754	\$ 2,321,546
Real estate transfer	836,009	843,218	831,173	727,455	664,784	858,764	582,059	361,953	323,164	531,353
Local Services tax	643,235	398,014	420,501	400,136	410,435	371,787	371,209	376,414	401,538	407,309
Mechanical device	35,138	34,201	31,414	32,015	34,285	34,023	33,583	36,372	32,513	23,778
Motor Fuel tax	947,675	901,513	864,028	737,650	671,686	621,321	633,435	633,393	620,034	643,554
Payment in lieu of taxes	75,000	74,999	74,649	75,000	75,000	75,000	75,459	75,000	75,000	75,000
Host Community fees	24,172,523	21,706,453	15,256,922	14,298,232	15,419,498	16,082,578	14,104,136	13,079,521	11,529,130	11,067,346
Licenses and permits	873,720	868,497	876,272	853,011	840,523	816,356	797,257	749,112	737,645	651,484
Fines and forfeits	194,345	233,942	183,350	200,543	182,573	200,345	186,362	162,229	204,078	202,820
Interest earnings	508,273	182,794	222,763	161,521	176,550	37,431	288,457	1,210,431	1,223,805	1,163,901
Rents	60,535	39,427	90,103	73,959	99,532	104,771	98,081	135,933	81,190	166,576
Intergovernmental	1,169,887	1,126,259	979,318	866,063	905,382	973,464	1,070,995	1,327,844	1,163,164	761,887
Charges for services	2,049,040	1,979,522	1,977,827	1,837,137	1,697,987	1,747,987	1,627,068	1,711,050	1,939,089	2,134,991
Contributions and donations	136,387	68,206	73,745	41,928	187,371	62,685	33,588	33,035	38,510	47,600
Refunds of prior years	62,458	85,187	97,448	71,384	42,788	34,674	34,101	30,278	26,646	-
Miscellaneous	-	-	-	-	-	-	-	115	1,946	9,428
Total revenue	34,076,181	30,812,780	24,247,377	22,636,016	23,692,635	24,289,924	22,204,618	22,201,891	20,667,206	20,208,523
Expenditures										
Current										
General government	2,692,124	2,525,235	2,338,372	2,424,751	2,525,187	2,389,076	2,283,123	2,091,505	1,992,847	2,470,190
Public safety	17,741,879	17,637,681	16,974,695	15,868,682	15,253,208	14,903,972	13,802,918	13,315,061	13,271,102	11,769,814
Public works - highway and street	3,173,868	3,020,790	2,867,881	3,093,416	3,258,566	3,035,945	2,905,706	2,830,061	2,620,414	2,437,359
Culture and recreation	1,187,073	1,093,359	1,028,753	978,519	1,020,866	1,134,638	1,046,577	1,055,873	903,860	884,786
Capital outlay	-	-	-	-	-	-	-	-	-	-
General government	-	215,145	10,121	365,577	240,184	399,969	65,462	185,890	23,241	92,992
Public safety	224,753	264,707	280,549	105,110	150,105	839,433	277,014	307,440	325,579	296,309
Highways and streets	1,610,871	2,174,529	761,630	635,971	4,793,746	6,888,644	4,303,795	3,932,673	1,823,288	10,142,639
Culture and recreation	248,275	388,527	609,331	1,099,615	146,635	1,277,434	758,629	1,554,258	710,658	181,370
Debt service principal	-	-	-	-	-	-	-	-	-	3,055,000
Debt service interest	-	-	-	-	-	-	-	-	-	102,594
Total expenditures	26,878,843	27,319,973	24,871,332	24,571,641	27,388,497	30,869,311	25,443,224	25,272,761	21,670,989	31,433,053
Excess of revenues over/(under) expenditures	7,197,338	3,492,807	(623,955)	(1,935,625)	(3,695,862)	(6,579,387)	(3,238,606)	(3,070,870)	(1,003,783)	(11,224,530)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other financing sources(uses)										
Transfer in	462,000	620,000	856,900	684,000	558,000	5,352,064	9,309,500	463,700	12,590,837	10,336,951
Transfer out	(462,000)	(620,000)	(856,900)	(741,000)	(588,000)	(5,427,064)	(9,309,500)	(613,700)	(12,660,837)	(10,336,951)
Sale of capital assets	16,954	-	3,586	7,449	4,320	39,426	10,861	13,770	823	3,274
Total other financing sources(uses)	16,954	-	3,586	(49,551)	(25,680)	(35,574)	10,861	(136,230)	(69,177)	3,274
Net change in fund balance	\$ 7,214,292	\$ 3,492,807	\$ (620,369)	\$ (1,983,176)	\$ (3,721,542)	\$ (6,614,961)	\$ (3,227,745)	\$ (3,207,100)	\$ (1,072,960)	\$ (11,221,256)

Debt service as a percentage of non-capital expenditures 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 15.24%

Source: Falls Township records

TOWNSHIP OF FALLS
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

<u>Year ending December 31,</u>	<u>Property</u>	<u>Local Services</u>	<u>Real Estate Transfer</u>	<u>Mechanical Device</u>	<u>Total</u>
2009	\$ 2,321,546	\$ 393,200	\$ 531,353	\$ 23,778	\$ 3,269,877
2010	2,280,492	402,011	323,164	32,513	3,038,180
2011	2,279,211	376,414	361,953	36,372	3,053,950
2012	2,268,828	371,209	582,059	33,583	3,255,679
2013	2,268,738	371,787	858,764	34,023	3,533,312
2014	2,284,798	410,435	664,784	34,285	3,394,302
2015	2,261,982	400,136	727,455	32,015	3,421,588
2016	2,265,864	420,501	831,173	31,414	3,548,952
2017	2,272,548	396,014	843,218	34,201	3,545,981
2018	2,311,956	643,235	836,009	35,138	3,826,338

Sources: Township documents

TOWNSHIP OF FALLS
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Year	Real Property Assessed Value ^(a)	Less: Tax Exempt Property	Total Taxable Assessed Value	Estimated Actual Values of Real Property	Ratio of Total Assessed Value to Total Estimated Actual Value ^(b)	Falls Twp Municipal Millage Rate
2009	\$ 379,763,660	\$ 60,384,750	\$ 319,378,910	\$ 3,484,070,275	10.90%	7.22
2010	380,379,040	60,975,730	319,403,310	4,148,081,134	9.17%	7.22
2011	379,439,470	61,043,290	318,396,180	4,287,451,638	8.85%	7.22
2012	378,157,270	60,545,010	317,612,260	4,083,771,814	9.26%	7.22
2013	378,687,490	60,508,530	318,178,960	4,165,978,988	9.09%	7.22
2014	378,528,240	60,583,740	317,944,500	4,087,777,970	9.26%	7.22
2015	374,049,820	55,541,880	318,507,940	4,226,551,638	8.85%	7.22
2016	374,211,350	55,731,820	318,479,530	4,153,289,123	9.01%	7.22
2017	376,243,400	55,731,820	320,511,580	4,102,981,461	9.17%	7.22
2018	376,669,280	55,773,300	320,895,980	3,915,481,081	9.62%	7.22

Source: Falls Township Tax Department (Bucks County, PA Real Estate Assessment Roll)

^(a) Assessed value of real property includes all property within the Township. County assessment records do not provide categorization use or ownership.

^(b) Information provided by Pennsylvania State Tax Equalization Board (STEB) for Bucks County, PA.

TOWNSHIP OF FALLS
Property Tax Rates
Direct & Overlapping Governments
Per \$1,000 of Assessed Value
Last Ten Fiscal Years

<u>Year</u>	<u>Falls Township</u>			<u>Overlapping Rates</u>		<u>All Government Totals</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Township Millage</u>	<u>Bucks County Total Millage (a)</u>	<u>Pennsbury SD Total Millage (a)</u>	
2009	7.22	0.00	7.22	21.94	148.80	177.96
2010	7.22	0.00	7.22	21.94	150.30	179.46
2011	7.22	0.00	7.22	23.20	150.30	180.72
2012	7.22	0.00	7.22	23.20	150.30	180.72
2013	7.22	0.00	7.22	23.20	150.30	180.72
2014	7.22	0.00	7.22	23.20	153.45	183.87
2015	7.22	0.00	7.22	23.20	157.89	188.31
2016	7.22	0.00	7.22	23.20	161.36	191.78
2017	7.22	0.00	7.22	23.20	165.06	195.48
2018	7.22	0.00	7.22	24.45	167.54	199.21

(a) Information supplied by Falls Township Tax Collector

TOWNSHIP OF FALLS
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2018			2009		
		Taxable Assessed valuation (a)	Rank	Percentage of total taxable assessed valuation	Taxable Assessed valuation	Rank	Percentage of total taxable assessed valuation
Oxford Valley Road Associates	Retail Stores	\$ 6,314,040	1	1.97%	\$ 6,314,040	1	1.98%
Healey, Robert T. & William J.	Apartment	4,935,880	2	1.54%	4,974,720	2	1.56%
Pennwood Management LLC	Mobile Home Park	4,579,320	3	1.43%	4,579,320	3	1.43%
National Prop. Investments/Village Pennbrook 2 LLC	Apartment	4,320,000	4	1.35%	4,320,000	4	1.35%
WMI Properties	Industrial	4,001,400	5	1.25%	4,254,640	5	1.33%
K-Mart Corporation / Fairsan Co LLC	Industrial	3,108,000	6	0.97%	3,108,000	6	0.97%
Wheelabrator Falls Inc.	Industrial	2,616,770	7	0.82%	2,616,770	8	0.82%
General Motors LLC	Industrial	2,070,490	8	0.65%	2,811,270	7	0.88%
Bucks County Economic Development Corp.	Development	1,842,770	9	0.57%	2,430,080	9	0.76%
Pennlake Realty Associates	Apartment	1,773,600	10	0.55%			
Equity Industries Ltd. Part. III	Retail Stores			0.00%	2,074,760	10	0.65%
Totals		<u>\$ 35,562,270</u>		<u>11.08%</u>	<u>\$ 37,483,600</u>		<u>11.73%</u>

(a) Total Assessed Valuation equal to \$ 320,895,980

Source: Falls Township records

TOWNSHIP OF FALLS
Property Tax Levies & Collections
Last Ten Fiscal Years

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2009	2,335,472	2,283,391	97.77%	51,983	2,335,374	99.996%
2010	2,305,916	2,215,102	96.06%	90,622	2,305,724	99.992%
2011	2,305,950	2,213,694	96.00%	92,064	2,305,758	99.992%
2012	2,298,820	2,203,440	95.85%	95,170	2,298,610	99.991%
2013	2,293,161	2,202,566	96.05%	90,271	2,292,837	99.986%
2014	2,297,252	2,208,350	96.13%	88,490	2,296,840	99.982%
2015	2,295,559	2,211,958	96.36%	82,748	2,294,706	99.963%
2016	2,298,187	2,197,967	95.64%	98,281	2,296,248	99.916%
2017	2,303,287	2,214,456	96.14%	72,417	2,286,873	99.287%
2018	2,313,387	2,234,824	96.60%	-	2,234,824	96.604%

Source: Falls Township Tax Collector

TOWNSHIP OF FALLS
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal year	Governmental activities		Business-Type activities		Total Primary government	Percentage of personal income	Per Capita	Per W/S customer
	General obligation bonds	General obligation notes	General obligation bonds	General obligation notes				
2009	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -
2010	-	-	-	-	-	0.00%	-	-
2011	-	-	-	-	-	0.00%	-	-
2012	-	-	-	-	-	0.00%	-	-
2013	-	-	-	-	-	0.00%	-	-
2014	-	-	-	-	-	0.00%	-	-
2015	-	-	-	-	-	0.00%	-	-
2016	-	-	-	-	-	0.00%	-	-
2017	-	-	-	-	-	0.00%	-	-
2018	-	-	-	-	-	0.00%	-	-

Source: Falls Township records

Note: The Township-held Water & Sewer Revenue Bonds, Series 2004, were paid in full on December 15, 2009.

As of December 31, 2009, Falls Township has no outstanding bonded debt.

TOWNSHIP OF FALLS
Ratio of General Bonded Debt Outstanding
Last Ten Years

<u>Year</u>	<u>Population(a)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2009	34,865	\$ 319,378,910	\$ -	\$ -	\$ -	0.000	\$ -
2010	34,300	319,403,310	-	-	-	0.000	-
2011	33,522	318,396,180	-	-	-	0.000	-
2012	34,300	317,612,260	-	-	-	0.000	-
2013	34,300	318,178,960	-	-	-	0.000	-
2014	34,367	317,944,500	-	-	-	0.000	-
2015	33,901	318,507,940	-	-	-	0.000	-
2016	33,714	318,479,530	-	-	-	0.000	-
2017	33,909	320,511,580	-	-	-	0.000	-
2018	33,769	320,895,980	-	-	-	0.000	-

(a) Population Estimates Branch of the U.S. Census

Source: Falls Township records

Note: The Township-held Water & Sewer Revenue Bonds, Series 2004, were paid in full on December 15, 2009.
As of December 31, 2009, Falls Township has no outstanding bonded debt.

TOWNSHIP OF FALLS
Direct & Overlapping Governmental Activities Debt
December 31, 2018

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Township of Falls</u>	<u>Amount Applicable to Township of Falls</u>
Township of Falls (a)	\$ -	100.00%	\$ -
Pennsbury School District (b)	170,200,000	35.22%	59,944,440
Bucks County (c)	<u>250,729,000</u>	3.87%	<u>9,703,212</u>
 Total - Overlapping Debt	 \$ 420,929,000		 \$ 69,647,652

Sources:

(a) Falls Township financial records

(b) Pennsbury School District Business Office

(c) Bucks County Finance Office

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping unit's taxable assessed value that is within the Township's boundaries and dividing it by the unit's total taxable assessed value.

Note: The Township-held Water & Sewer Revenue Bonds, Series 2004, were paid in full on December 15, 2009. As of December 31, 2009, Falls Township has no outstanding bonded debt.

TOWNSHIP OF FALLS
Legal Debt Margin Information
Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222	\$ 69,543,568
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222	\$ 69,543,568
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Year 2017

Borrowing Base Revenues: (a)	2016	2017	2018
	\$ 22,521,151	28,927,349	32,003,782
			\$ 83,452,282

Average Borrowing Base Revenues:			
Debt Limit Percentage		X	
Debt Limit			\$ 69,543,568
Less: Total Amount Of Debt Applicable to Debt Limit (b)			-
Legal Debt Margin			\$ 69,543,568

(a) Borrowing Base revenues represent total revenues less governmental grants received for a specific purpose and enterprise fund revenues which are pledged for specific self-liquidating debt, interest on monies in sinking funds, grants and gifts for specified projects, proceeds from the disposition of capital assets and other non-recurring items not considered income under generally accepted accounting principles.

(b) Bonds and Notes Payable, less Sinking Fund credits and self liquidating debt.

Source: Falls Township records

TOWNSHIP OF FALLS
 Revenue Bond Coverage
 Water/Sewer Funds
 Last Ten Years

<u>Year</u>	<u>Gross Revenues (a)</u>	<u>Operating Expenses (b)</u>	<u>Net Revenues Available (Unavailable) for Debt Service</u>	<u>Debt Requirements</u>	<u>Coverage</u>
2009	\$ -	\$ -	\$ -	\$ -	0.00
2010	-	-	-	-	0.00
2011	-	-	-	-	0.00
2012	-	-	-	-	0.00
2013	-	-	-	-	0.00
2014	-	-	-	-	0.00
2015	-	-	-	-	0.00
2016	-	-	-	-	0.00
2017	-	-	-	-	0.00
2018	-	-	-	-	-

(a) Total revenues including interest income.

(b) Total expenses excluding depreciation & debt payments.

Source: Falls Township Records

Note: The Township-held Water & Sewer Revenue Bonds, Series 2004, were paid in full on December 15, 2009.

As of December 31, 2009, Falls Township has no outstanding bonded debt.

TOWNSHIP OF FALLS
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Income</u>	<u>School District Enrollment (b)</u>	<u>Number of Dropouts (b)</u>	<u>Dropouts as % of Enrollment</u>	<u>Unemployment Rate (c)</u>
2009	34,865	N/A	11,423	35	0.31%	7.2%
2010	34,300	N/A	11,362	38	0.33%	6.8%
2011	33,522	N/A	10,967	32	0.29%	6.7%
2012	34,300	N/A	10,605	30	0.28%	7.2%
2013	34,300	N/A	10,673	30	0.28%	5.4%
2014	34,367	N/A	10,457	29	0.28%	4.3%
2015	33,901	N/A	10,477	28	0.27%	3.6%
2016	33,714	N/A	10,340	29	0.28%	3.9%
2017	33,969	N/A	10,530	18	0.17%	3.8%
2018	33,769	N/A	10,342	12	0.12%	3.2%

Data Sources:

(a) Population Estimates Branch of the U.S. Census

(b) Pennsbury School District, as of 6/30/18

(c) Homefacts.com, Township of Falls, Bucks County, PA

N/A Data not available

TOWNSHIP OF FALLS
Principal Employers
Current Year and Nine Years Ago

Employer	Description	2018			2009		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Pennsbury School District	Public Education	920	1	2.99%	988	2	4.15%
Eckerd/Rite Aid	Warehouse/Retail Store	656	2	2.13%	570	3	2.40%
Aria Health - Bucks County Campus	Hospital	534	3	1.73%	1,048	1	4.40%
Peruzzi	Auto Sales	234	4	0.76%			0.86%
Kmart Distribution Center	Warehouse Distribution	229	5	0.74%	397	4	1.67%
Priva LLC	Home Health Care	212	6	0.69%			
Home Depot	Retail Store	203	7	0.66%	207	8	0.87%
U-Haul Falls Manufacturing	Manufacturing	185	8	0.60%			
Giant Supermarkets	Grocery Store	169	9	0.55%	158	10	0.66%
Univar	Chemicals	168	10	0.55%			
Gamesa Wind	Alternative Energy				220	7	0.92%
Walmart	Retail Store				359	5	1.51%
Waste Management	Waste Collector				305	6	1.28%
Sheraton Bucks County	Hotel				170	9	0.71%
Total		3,510		11.40%	4,422		19.43%

Source: Respective Companies and Township Records

FALLS TOWNSHIP
 FULL TIME EQUIVALENT TOWNSHIP EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	16	16	16	16	16	16	16	16	18	18
Public Safety										
Police										
Officers	53	52	53	51	51	51	51	52	51	52
Civilians	7	7	7	7	7	7	7	7	7	6
Fire										
Civilians	4	4	4	4	4	4	4	4	4	4
Highway and Streets										
Maintenance	15	15	16	16	16	16	16	17	17	16
Sanitation										
Culture and Recreation	3	3	3	3	3	4	3	2	2	2
Water	0	0	0	0	0	0	0	0	0	0
Sewer	0	0	0	0	0	0	0	0	0	0
Totals	<u>98</u>	<u>97</u>	<u>99</u>	<u>97</u>	<u>97</u>	<u>98</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>98</u>

Sources: Township documents

FALLS TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Arrests	1,351	1,050	872	847	873	912	763	1,003	835	944
Parking Violations	167	296	107	125	192	106	70	219	178	246
Traffic Violations	2,012	2,076	1,283	1,403	1,413	1,958	1,967	3,423	3,445	2,806
Animal Control Investigations	326	341	326	272	272	255	224	320	348	469
Fire										
Number of calls answered	1,497	1,584	1,518	1,494	1,416	1,475	1,521	1,470	1,578	1,569
License and Inspection										
Business Licenses	1,450	1,360	1,384	1,481	1,363	1,764	1,404	1,902	1,799	2,122
Building Permits	593	737	747	564	645	571	777	553	522	453
Electrical Permits	477	332	331	430	445	495	459	596	533	603
Highways and Streets										
Road Reconstruction (lineal feet)	20,172	6,450	6,848	11,939	11,596	-	-	-	1,300	3,568
Culture and Recreation										
Community Park Watercraft Permits	210	180	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community Park Pavilion Rentals	94	100	99	103	87	84	93	90	84	116
Water										
Water Permits	-	-	-	-	-	-	-	-	-	-
Sewer										
Sewer Permits	-	-	-	-	-	-	-	-	-	-

Sources: Various government departments

Note: As of 2011, the Township no longer requires Watercraft Permits for the Community Park Lake

FALLS TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	51	53	55	55	60	59	57	57	56	54
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75
Streetlights - R	2465	2465	2465	2465	2465	2465	2465	2465	2465	2465
Streetlights - H	83	83	83	83	83	83	83	83	83	83
Traffic Signals	34	34	34	34	34	34	34	34	34	34
Culture and Recreation										
Parks Acreage	413.11	413.11	413.33	413.33	413.33	413.33	413.33	413.33	413.33	413.33
Parks	16	16	16	16	16	16	16	16	16	16
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains	3290	3290	3290	3290	3290	3290	3290	3290	3290	3290
Sewer										
Sanitary Sewers	-	-	-	-	-	-	-	-	-	-

Sources: Various government departments
Note: Indicators not available for General Government Function

TOWNSHIP OF FALLS
 Schedule of Insurance
 As of December 31, 2018

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>		<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Deductible</u>	<u>Annual Premium</u>
		<u>From</u>	<u>To</u>				
Delaware Valley Insurance Trust	DVWCT RISK POOL	1/1/2018	1/1/2019	Workers Compensation	\$1M/\$1M/\$1M	\$ -	\$ 473,852
	DVWCT RISK POOL	1/1/2018	1/1/2019	Heart & Lung Act	\$ 100,000	-	26,922
Fidelity & Deposit	POB08877912	3/24/2018	3/24/2019	Public Official Bond for Manager	\$ 2,000,000	\$ -	\$ 2,619
	POB08927696	5/1/2018	5/1/2019	Public Official Bond for Finance Dir	2,000,000	-	2,619
	POB09107657	1/1/2018	1/1/2019	Public Official Bond for Sec/Treas	2,000,000	-	2,619
AIG Insurance Co / National Union Fire Insurance Co	SRG9142988/2979/2980	1/11/2018	1/11/2019	Volunteer Accident for Vol Fire Cos.	\$ 250,000	\$ -	\$ 1,500
	SRG9147838	10/24/2018	10/24/2019	Blanket Accident for Volunteers	250,000	-	600
	SRG9141599-A	2/12/2018	2/12/2019	Volunteer Accident for LFH Rescue	250,000	-	1,368
Traveler's	630-1H335843	6/18/2018	6/18/2019	Property	\$ 20,464,942	\$ 5,000	\$ 20,147
	ZLP-15T47305			General Liability	2,000,000	-	32,921
	ZLP-15T47305			Employment Practices Liability	2,000,000	15,000	11,811
	630-1H335843			Crime	As Specified	As Specified	334
	810-2C412812			Automobile	1,000,000	1,000	126,006
	ZUP-41M59670			Umbrella	3,000,000	10,000	37,176
	ZLP-15T47305			Public Officials Liability	2,000,000	10,000	6,529
Traveler's	ZLP-15T47305			Law Enforcement Liability	2,000,000	15,000	60,738
	ZLP-15T47305			Employee Benefits Liability	3,000,000	1,000	381
	630-1H335843			Inland Marine	1,000,000	50,000	4,792
Traveler's	ZPL-91M61525	6/17/2018	6/17/2019	Cyber Liability / Computers	\$ 500,000	\$ 1,000	\$ 4,189
Crum & Forster	PLL-104360	6/18/2018	6/18/2019	Pollution	\$ 500,000	\$ 10,000	\$ 4,162
	ETB-116037	12/14/2018	12/14/2019	Killed in Service/Act 30/Life & AD&D	\$ 500,000	\$ -	\$ 9,026
Lloyd's of London / WNC Ins Svc	VCFM00003744-00	6/18/2018	6/18/2019	Flood - Millcreek Sports Complex	\$ 500,000	\$ 1,000	\$ 2,148
	FLEX3709010229-01	12/28/2018	12/28/2019	Excess Flood-282 Trenton Rd	500,000	1,000	2,878
Philadelphia Indemnity	FLD-1819783	10/10/2018	10/10/2019	National Flood-Concession-Millcreek	\$ 176,000	\$ 1,500	\$ 842
	FLD-1819824	10/10/2018	10/10/2019	National Flood-Kiosk-Pennsbury	70,400	1,000	548
Total premium							\$ 836,727

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2018

<u>Area:</u>	26.516 sq. miles
<u>Date of Incorporation:</u>	July 27, 1692
<u>Form of Government:</u>	Second Class Township
<u>Governing Body:</u>	Board of Supervisors
<u>Population:</u>	1890 - 2,463 1900 - 1,886 1910 - 1,851 1920 - 1,788 1930 - 2,004 1940 - 2,364 1950 - 3,540 1960 - 29,082 1970 - 35,850 1980 - 36,083 1990 - 34,997 2000 - 34,865 2010 - 34,300
<u>Median Age:</u>	1980 - 28.8 1990 - 33.6 2000 - 36.4 2010 - 39.1
<u>2010 Census Profile:</u>	<u>Race / Ethnicity</u> 86.5% - White 5.8% - Black or African American 0.2% - American Indian and Alaskan Native 4.2% - Asian 1.3% - Some Other Race 2.1% - Two or More Races 4.4% - Hispanic or Latino (of any race)
<u>Current Statistics:</u>	<u>Housing</u> 13,609 - Total Housing Units (in 2010) \$330,800 - Median Home Price (at 12/2018) \$1,200 - Median Rent - 2 Bedroom (at 12/2018)

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2018

Park & Recreation Facilities:

- 1 Public Swimming Pool
- 16 Parks: 8 with playgrounds; others with baseball-softball fields, outdoor basketball and tennis courts, and one Challenger Field
- 1 Boat Ramp (access to Delaware River)
- 1 County Park - Lake, Pool, Golf Course
- 1 State Park

Parks & Recreation:

Acreage
323.82 acres Township Parks
138.00 acres Greenbelts / Open Space
231.09 acres County / Lake, Pool
43.00 acres State Park

Cultural & Historical Facilities:

Township - Three Arches
State - Pennsbury Manor

Street System:

86.75 Local Miles
45.60 State Miles

Highways:

U.S. Route #1
Route #13
East & West Lincoln Highway

Number of Street Lights:
(All Township Owned)

2,465 Residential
83 Highway

Sanitary Sewage:

308,904 L.F. Mains (a)
Maximum Average Daily Treatment 2.406 MGD

Water:

311,162 L.F. Mains (a)
Maximum Average Daily Treatment 2.85MGD

(a) Source: Township of Falls Authority

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2018

Education: Pennsbury School District
 10 Elementary Schools
 3 Middle Schools
 1 High Schools (East & West Campus)
 10,342 Students

Libraries: Fallsington Library

<u>Apartment Complexes:</u>	<u>Name</u>	<u># of Units</u>
	Village of Pennbrook	722
	Alexandria	201
	Castle Club	158
	Commons of Fallsington	477
	Dorilyn Terrace	158
	Wellington Woods	253
	Lakeview Terrace	288
	Newport Village	179
	Rock Springs	169
	Pennsbury Woods	110
	Aspen Falls	112
	Nolan Park	80
	Woodcrest Village	60

Banks: Bank of America
 Wells Fargo Bank
 Citizens Bank
 TD Bank

Rail: No rail stations

Bus: No terminal

Airfield: No airfield

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2018

Public Utilities:

Verizon (Phone)
PECO Energy (Electric / Gas)
Township of Falls Authority (Water)
Township of Falls Authority (Sewer)
Morrisville Borough Authority (Water)
Morrisville Borough Authority (Sewer)
Lower Bucks County Joint Municipal
Authority (Water and Sewer)
Bucks County Water and Sewer
Authority (Sewer)
PA American Company (Water)

Newspapers:

The Bucks County Courier Times
The Philadelphia Inquirer
The Times of Trenton (Trenton, NJ)
The Trentonian (Trenton, NJ)
The Lower Bucks Leader

Television:

KYW - Channel 3 - Philadelphia
WPHL - Channel 17 - Philadelphia
WHYY - Channel 12 - Philadelphia
WTXF - Channel 29 - Philadelphia
WPVI - Channel 6 - Philadelphia
WCAU - Channel 10 - Bala Cynwyd
Comcast Cable Company (Cable Provider)
Verizon FIOS Service (Fiber Optic Network)
Direct TV (Satellite)
Dish Network (Satellite)
Channel 22 - Government Access Channel - Comcast
Channel 40 - Government Access Channel - Verizon FIOS

Churches:

13

Hospitals:

1 Jefferson Health - Bucks County Campus

Senior Housing:

Avenrowe - 55 & over Community
Galilee Pavilion - Assisted Living
Galilee Village Estates - Independent Living
St. Joseph's Court - 55 & over Community

Source: Falls Township records

