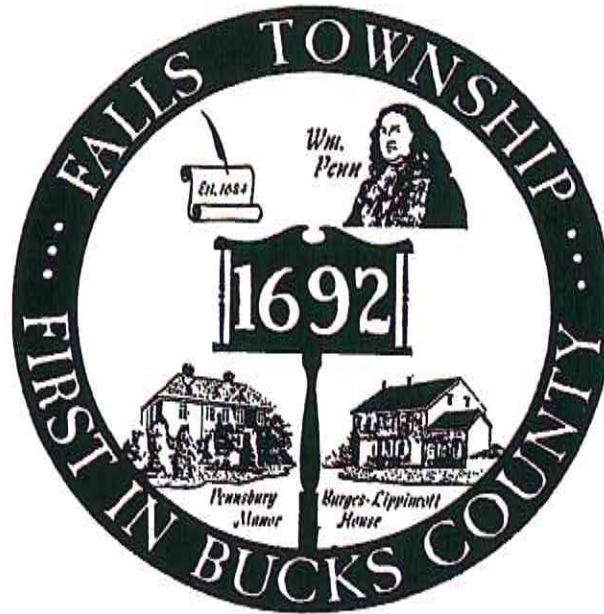


Township of Falls County of Bucks, Pennsylvania

“321 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013



Prepared by Jean E. Reukauf
Finance Director

TOWNSHIP OF FALLS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2013

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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

June 30, 2014

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, 2013 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2013, 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 it 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 street lights. 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 a number of major retail shopping areas in the Township, most notable of which are the Court at Oxford Valley and the Fairless Hills Shopping Center. Aria Health's Bucks County Campus, one of three major hospitals that serve the Lower Bucks County area, is located 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 May 2012 and was able to retain the accreditation status for an additional three years. The Chief of Police and four Lieutenants oversee the operations of 46 full time police officers assigned to the Patrol, Detectives and Community Partnership Units and 7 civilian employees ranging from Animal Control to Clerical to Court Liaison. The department also has a fleet of 60 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 three teams. They are: Sgt. Beauchmin and his K9 partner Jessie who are an explosives detection team, and Ofc. Langan and his K9 partner Tag along with Ofc. Lundquist and his K9 partner Trigger both narcotic detection teams. All K9s are patrol trained and are Belgian Malinois. 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 10,673. 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 the Morrisville Rescue Squad. 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 \$533,000 in support for 2013) 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 aforementioned 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.

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 farm land, 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 566 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-two 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 in an attempt 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, Gamesa Wind, Excelon, A.L. Patterson, Abington Reldon, and Osstem.

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, 2013, the Township is legally able to borrow in excess of \$53 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, 2013, the Township had over \$31,700,000 in the account. 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 2013, 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 2013 marks the eleventh 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 2013, the Township completed the reconstruction of ten roadways for a total of 11,596 lineal feet. The roadways scheduled for reconstruction were: Valley Drive (800 lf.), Peaceful Drive (827 lf.), Bernard Drive (2,555 lf.), Rice Drive (1,456 lf.), Floral Drive (664 lf.), Kirby Drive (1,239 lf.), Hedgerow Drive (1,851 lf.), Howley Drive (985 lf.), Walton Drive (671 lf.), and Fletcher Drive (548 lf.) in the Yardley Farms section of Falls Township. This construction 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 road program should be complete by the end of 2018.

Other Information

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2013 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, 2013.

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, 2012. This was the fifteenth 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 2013 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
June 30, 2014



Government Finance Officers Association

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

Presented to

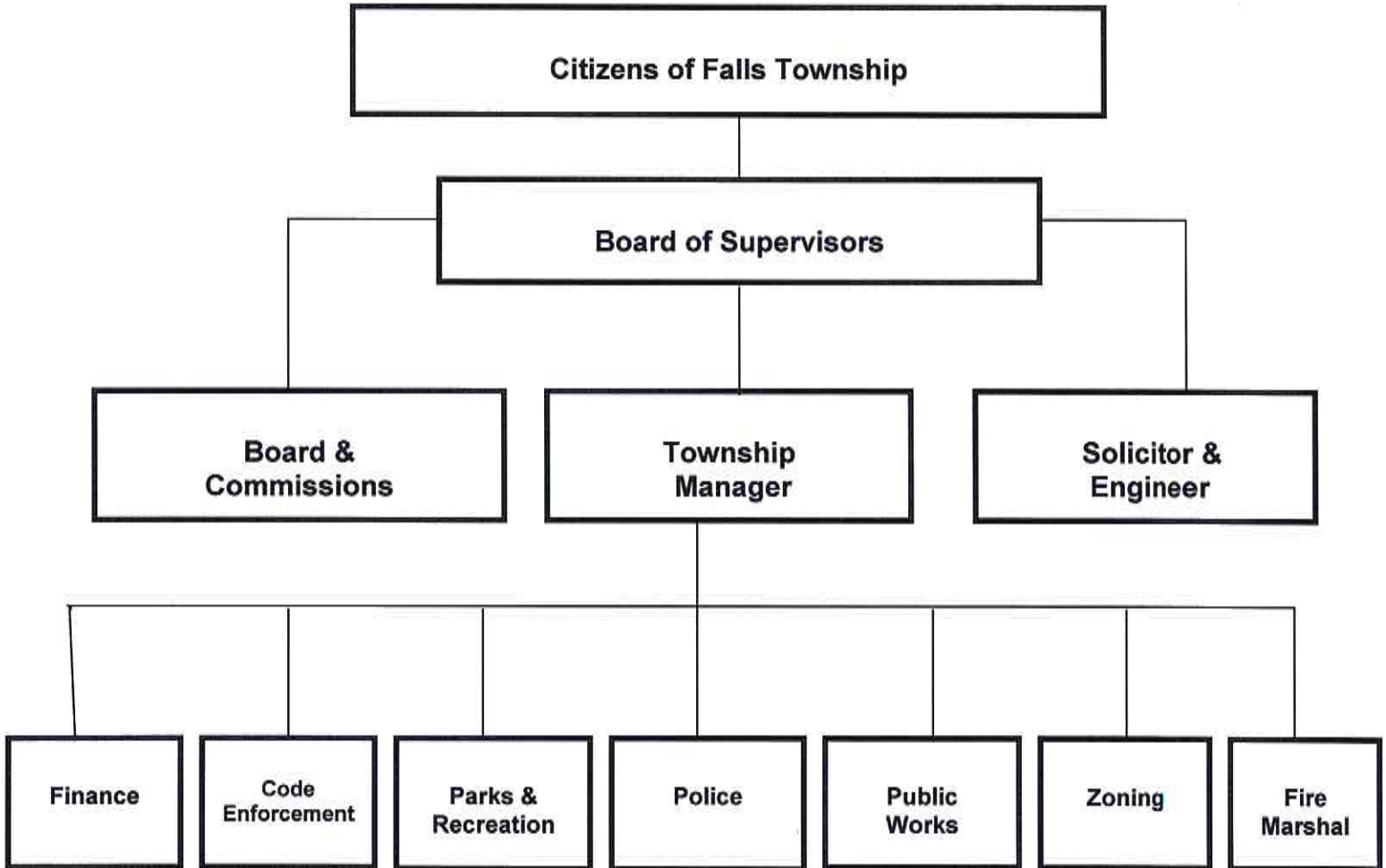
**Township of Falls
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

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 |
| Community and Economic Development Commission | |
| Historic Preservation Commission | |

2013 BOARD OF SUPERVISORS

Robert J. Harvie, Jr., Chairperson

Jeffrey E. Dence, Vice Chairperson

Jeffrey Rocco, Secretary/Treasurer

Brian M. Galloway, Member

Jonathan R. Snipes, Member

CURRENT EXECUTIVE OFFICIALS

Peter F. Gray, Township Manager

Michael P. Clarke, Esq., Township Solicitor

James C. Sullivan, P.E., Township Engineer

William Wilcox, Police Chief

Jean E. Reukauf, Finance Director

Richard Dippolito, Fire Marshal

Thomas Bennett, Zoning Officer

Joseph P. Arnao, Public Works Foreman

Brian Andrews, Parks & Recreation Director

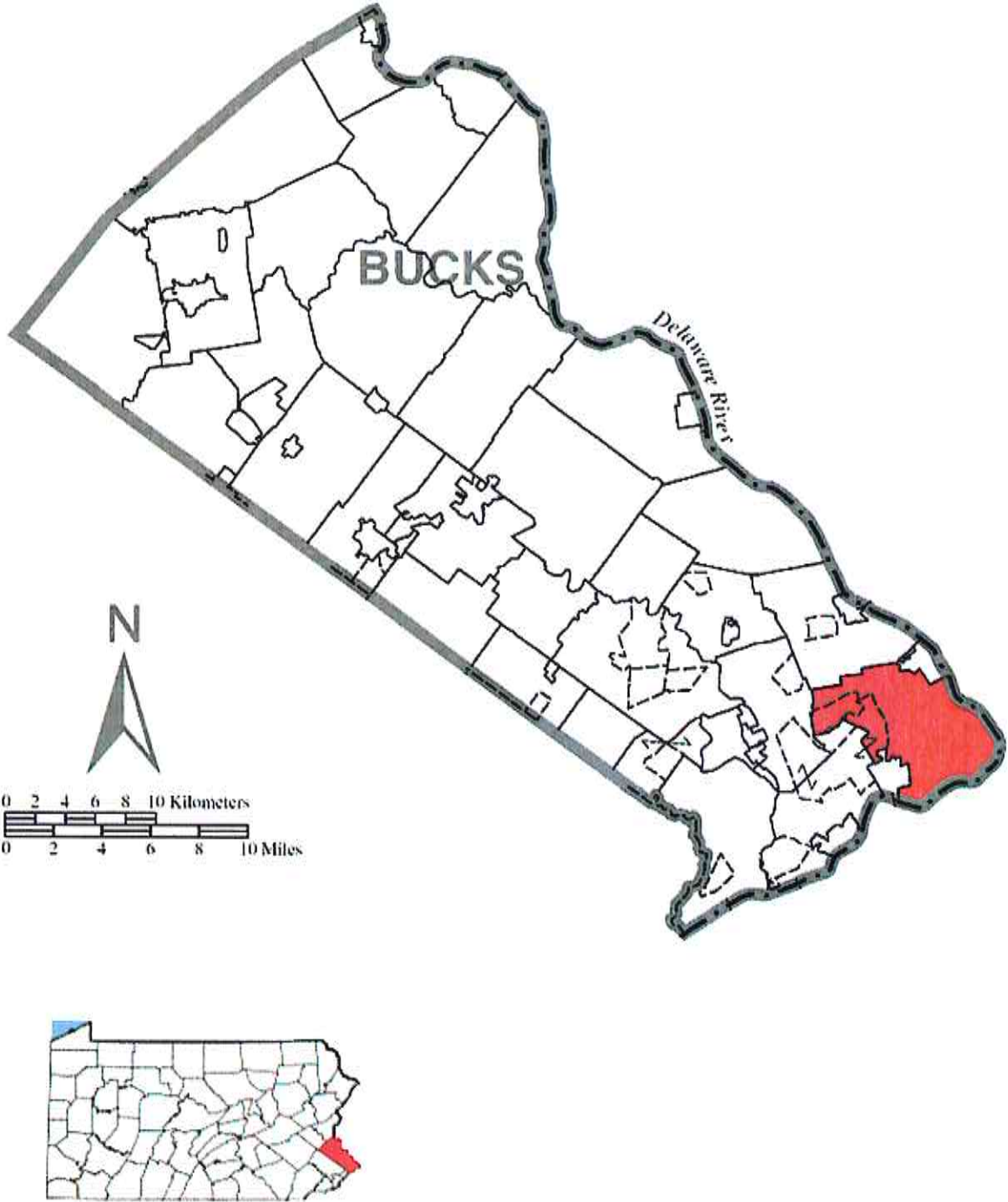
Todd Pletnick, Police Lieutenant

Donald Airey, 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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post employment benefit information on pages 19 through 30 and pages 64 through 65 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.

June 20, 2014

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, 2013**

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, 2013. 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. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets of Falls Township exceeded its liabilities by \$136,815,561 and \$138,378,583 at the close of the years ended December 31, 2013 and 2012, respectively. Of the 2013 amount, \$40,530,435 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2012 \$47,192,366 was available for that purpose.

The Township's governmental net position decreased by a total of \$1,589,165 over the prior year. This decrease is primarily due to a decrease in the Township's cash reserves.

As of the end of 2013, Falls Township's governmental funds reported combined ending fund balances of \$44,058,145. As a comparison, at the end of 2012, the balance was \$50,673,106, a reduction of \$6,614,961.

Business-type activities' net position increased by \$26,143 from (\$27,019) in 2012 to (\$876) in 2013. The reason for this increase is a reduction in current liabilities, specifically interfund payable.

At the end of the 2013, the unassigned fund balance for the general fund was \$22,781,297 or 83.4% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

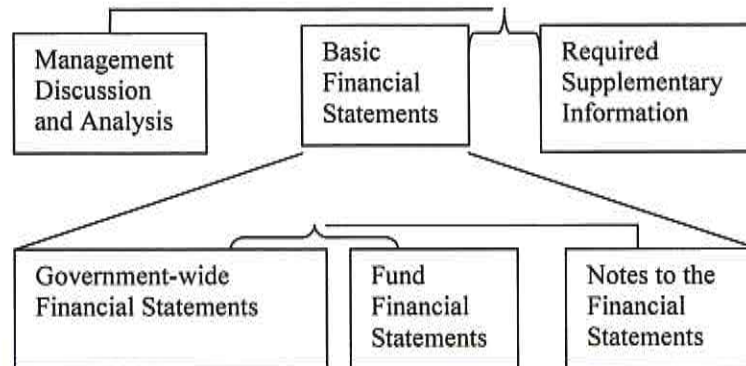
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

- 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 and liabilities, with the difference between the two 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 of the 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 of 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 44-61 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 64 and 65 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 69-79 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 exceed liabilities by \$136,815,561 and \$138,378,583 at the close of the years ended December 31, 2013 and 2012, respectively.

The following table provides a summary of the Township’s net position at December 31, 2013 compared to the prior year’s figures:

**FALLS TOWNSHIP
NET POSITION**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 46,735,933	\$ 53,370,574	\$ -	\$ -	\$ 46,735,933	\$ 53,370,574
Capital assets	95,245,962	89,871,750	174,538	176,511	95,420,500	90,048,261
Other noncurrent assets	-	-	-	-	-	-
Total Assets	141,981,895	143,242,324	174,538	176,511	142,156,433	143,418,835
Long-term liabilities outstanding	2,673,485	2,215,879	-	-	2,673,485	2,215,879
Other liabilities	2,491,973	2,620,843	175,414	203,530	2,667,387	2,824,373
Total Liabilities	5,165,458	4,836,722	175,414	203,530	5,340,872	5,040,252
Net Position:						
Invested in capital assets	95,245,962	89,871,750	174,538	176,511	95,420,500	90,048,261
Restricted	864,626	1,137,956	-	-	864,626	1,137,956
Unrestricted	40,705,849	47,395,896	(175,414)	(203,530)	40,530,435	47,192,366
Total Net Position	\$ 136,816,437	\$ 138,405,602	\$ (876)	\$ (27,019)	\$ 136,815,561	\$ 138,378,583

The largest portion of Falls Township's net position, 69.7%, 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, 0.63%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$40,530,435, 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 is able to report positive balances in all three categories of net position for the government as a whole.

CHANGES IN NET POSITION

Governmental activities

Governmental activities decreased Falls Township's net position by \$1,589,165 for the year ended December 31, 2013 in addition to the decrease in net position by \$2,175,386 for the year ended December 31, 2012. The 2013 and 2012 decreases are both due to a reduction in the Township's cash reserve. 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. Some cash reserves have been expended in order to meet rising costs without burdening our residents.

Business-type activities

Business-type activities increased Falls Township's net position by \$26,143 for the year ended December 31, 2013 as opposed to the decrease of \$49,940 for the prior year. These activities represent ongoing operations at the Pinewood Pool for 2013.

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.

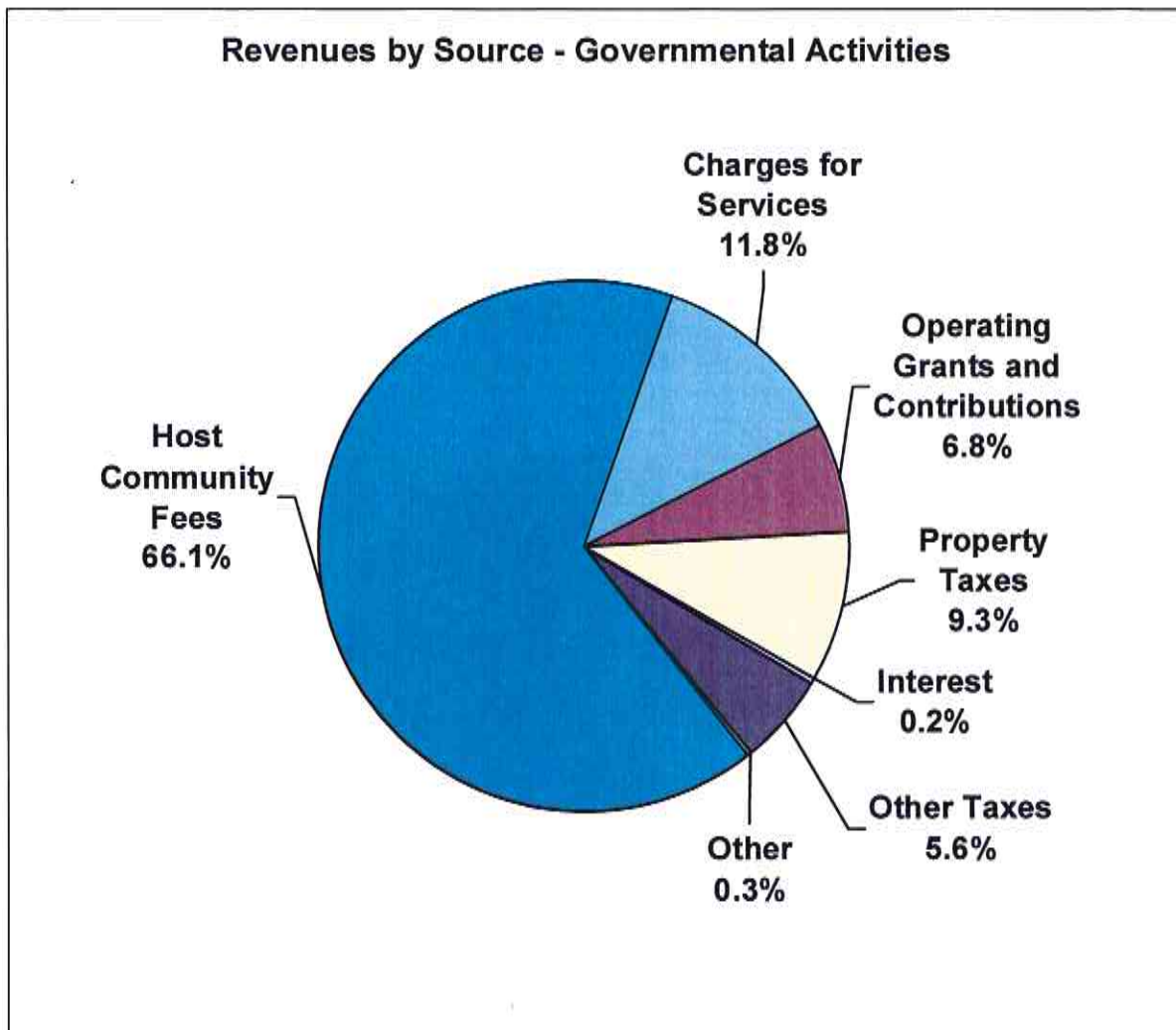
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2013 compared to the prior year's figures.

**FALLS TOWNSHIP
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,877,268	\$ 2,683,787	\$ 173,989	\$ 176,139	\$ 3,051,257	\$ 2,859,926
Operating Grants and Contributions	1,643,377	1,722,785	-	-	1,643,377	1,722,785
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,263,235	2,274,529	-	-	2,263,235	2,274,529
Other taxes	1,352,917	1,076,975	-	-	1,352,917	1,076,975
Host Community Fees	16,082,578	14,104,136	-	-	16,082,578	14,104,136
Other	114,575	334,782	-	-	114,575	334,782
Total Revenues	\$ 24,333,950	\$ 22,196,994	\$ 173,989	\$ 176,139	\$ 24,507,939	\$ 22,373,133
EXPENSES:						
General Government	\$ 2,573,012	\$ 2,415,703			\$ 2,573,012	\$ 2,415,703
Public Safety	15,554,489	14,588,506			15,554,489	14,588,506
Highway and Streets	5,817,812	5,530,481			5,817,812	5,530,481
Culture and Recreation	1,902,802	1,837,690			1,902,802	1,837,690
Pinewood Pool	-	-	\$ 222,846	\$ 226,079	222,846	226,079
Total Expenses	25,848,115	24,372,380	222,846	226,079	26,070,961	24,598,459
Change in net position before transfers	(1,514,165)	(2,175,386)	(48,857)	(49,940)	(1,563,022)	(2,225,326)
Transfers	(75,000)	-	75,000	-	-	-
Change in Net Position	(1,589,165)	(2,175,386)	26,143	(49,940)	(1,563,022)	(2,225,326)
Net Position, Beginning	138,405,602	140,580,988	(27,019)	22,921	138,378,583	140,603,909
Net Position, Ending	\$ 136,816,437	\$ 138,405,602	\$ (876)	\$ (27,019)	\$ 136,815,561	\$ 138,378,583

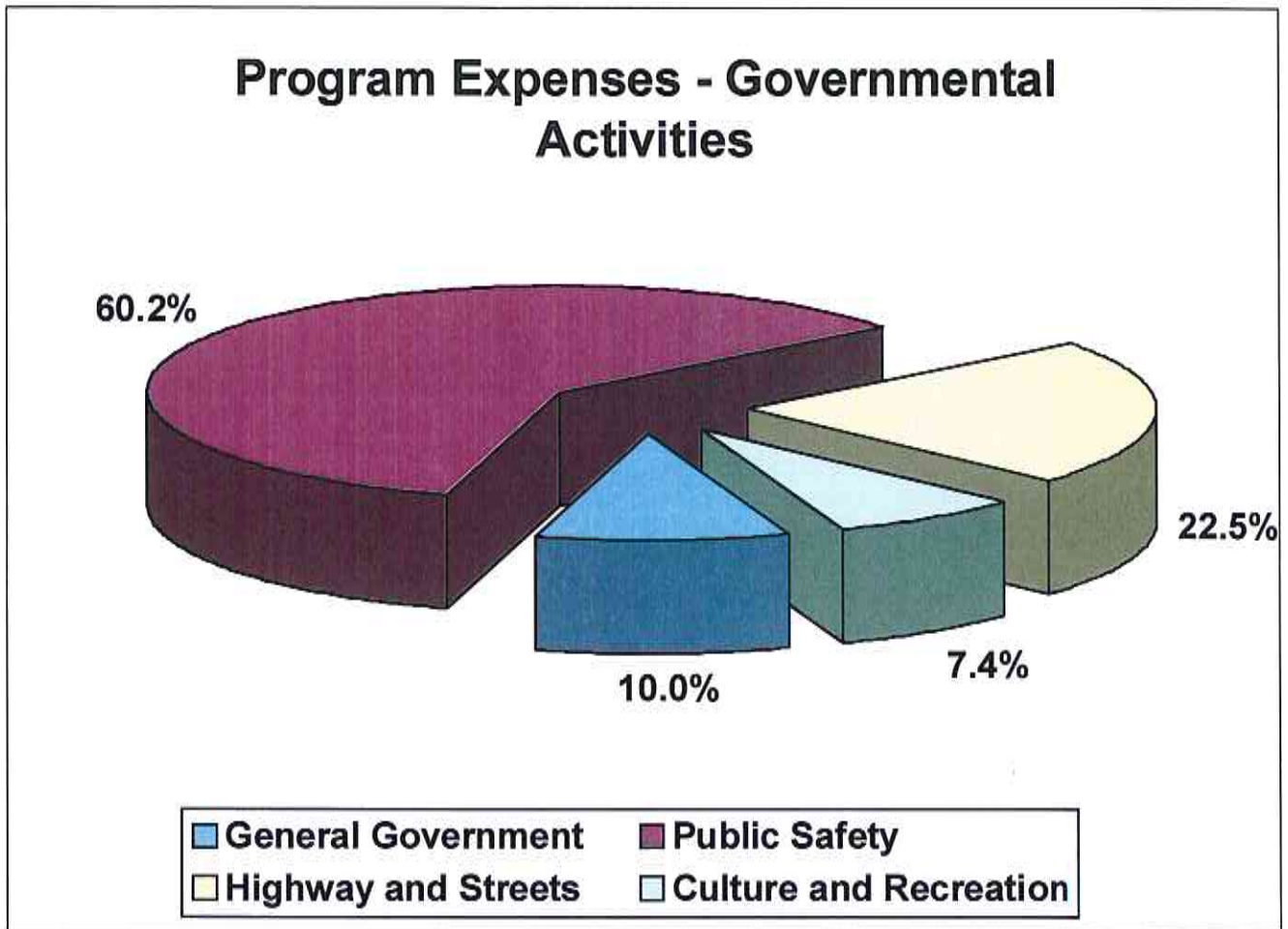
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2013:



Of the total Government-wide revenues of \$24,333,950, \$16,082,578 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 \$2,877,268 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,263,235, Other Taxes brought in \$1,352,917, Operating Grants and Contributions added \$1,643,377, Interest Earnings netted \$37,434 and Other (miscellaneous) revenues were \$77,141.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2013:

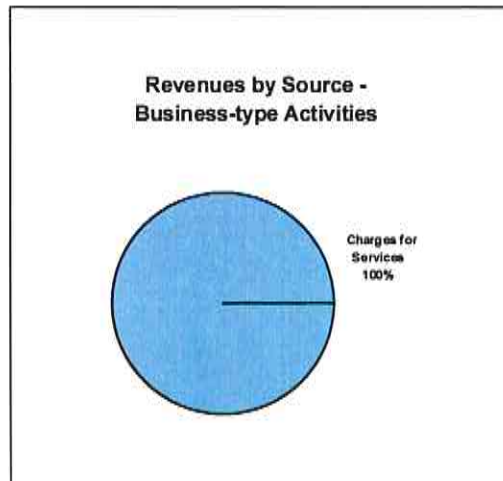
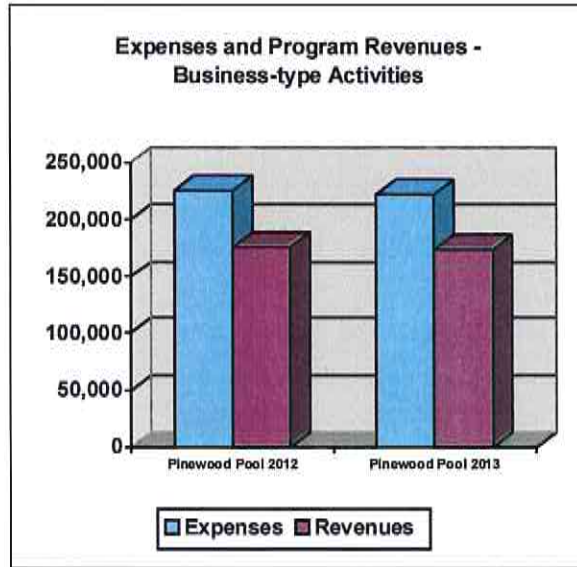


Most of the expenses that occurred in the year 2013 were related to Public Safety. Public Safety expenses were \$15,554,489. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$5,817,812 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 \$1,902,802 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,573,012 and include costs for staffing, benefits, insurance and various other administrative costs.

Business-type activities

Business-type activities increased the Township's net position by \$26,143. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$48,857 in 2013. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2013 was the tenth full year of operation for the renovated site. The loss is attributed to continued increases in operating costs outpacing revenues, in spite of an increase in the number of pool membership registrations.



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 \$44,058,145 a decrease of \$6,614,961 compared to the previous year. Of the combined fund balance total: \$22,579,523 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$20,417,093 is assigned for specific purposes; \$864,626 is restricted for particular purposes; and, the remaining \$196,903 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 \$22,781,297 while total fund balance reached \$40,340,962. 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. The fund balance of Falls Township's general fund decreased \$1,732,277 during 2013. Expenditures for Public Safety rose by over \$1 million, and the capital outlay for Township roads was \$2.6 million higher than the prior year. The increased costs were mostly offset by a \$2 million increase in revenues from Waste Management for tipping fees. A large transfer from the Capital Reserve to fund the Township road reconstruction program and other capital projects also helped to cover rising costs.

Capital Reserve

The Capital Reserve fund serves the Township to finance various Township purchases and projects. At the end of 2013, the assigned and total fund balance was \$3,054,331. This is a decrease in the amount of \$4,535,699 due to a substantial transfer into the General Fund to fund ongoing capital programs.

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 2013, the net position was (\$876). This represents an increase of \$26,143 over the prior year. Expenses continue to outpace revenues at the community pool; however, pool memberships are on the rise. 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 \$1,332,842 for 2013. The largest contributing factors were: Real Estate Transfer Taxes over budget by \$298,764, Host Community Fees over budget by \$1,446,478, Intergovernmental revenues over budget by \$77,086, and Charges for Services coming in over budget by \$272,540. This was more than enough to offset Interest Earnings coming in short by \$743,376. Total expenditures for the year were under budget by a total of \$6,769,856. The greatest savings occurred in expenditures for Capital Outlays, primarily the 2013 Road Program, which will not be completed until 2014.

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, 2013, amount to \$95,420,500 (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 2013 included the following:

Construction and engineering costs for the Senior Citizen Center addition were \$933,013.

The purchase of a 2014 Dump Truck with plow cost \$158,623.

Road improvements for various roads in the Township amounted to just over \$6,554,000 in construction and engineering costs. Also improving our roadways were continuing upgrades to Township traffic signals and street lights at a cost of \$70,488 and twenty-five new drainage grates costing \$19,375.

Park improvements in the form of soccer field reconstruction at the Community Park cost \$55,925; engineering costs for the Biles Island master plan cost \$58,407; and, construction and engineering costs for the reconstruction of the Penns Grant tennis courts amounted to \$114,581.

Capital purchases for the Police Department, including radio replacements for Police and EMS, were just under \$815,000.

FALLS TOWNSHIP Capital Assets (net of accumulated depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Construction in Progress	24,263	-	-	-
Building and System	3,106,473	2,175,977	-	-
Improvements other than Building	2,760,352	3,174,411	-	-
Machinery and Equipment	2,045,841	1,237,404	11,838	13,811
Infrastructure	70,848,107	66,823,032	-	-
	<u>\$ 95,245,962</u>	<u>\$ 89,871,750</u>	<u>\$ 174,538</u>	<u>\$ 176,511</u>

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

Falls Township prepared a ten year capital purchase plan in 2004. All long-term planning for the acquisition of these various assets would be primarily funded through host community fees. The capital assets for the year 2013 in the Township's ten year capital purchase plan were acquired in accordance with the budget. These assets, along with the 2013 road program, were the Township's significant additions or improvements for the year.

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 2010, netting \$866,000 more than budgeted for that year. In 2011, earnings recovered even further coming in over budget by \$1,465,421. Fiscal years 2012 and 2013 saw a large increase in landfill revenues topping \$13 million and \$14 million respectively. The projection for 2014 is not as favorable. Waste Management has projected that tonnages will decrease next year netting Falls Township revenues of just over \$11 million.

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 2013 in an effort to control costs. Pool membership registration is on an upswing. And, the Host Community Fees fund will provide another cash transfer in 2014, if needed.

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 of these factors were considered in preparing the Falls Township budget for 2014.

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, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash & cash equivalents	\$ 28,393,263	\$	\$ 28,393,263
Investments	16,325,766		16,325,766
Taxes receivable	93,101		93,101
Accounts receivable (net of allowance for uncollectibles)	1,726,900		1,726,900
Prepaid assets	196,903		196,903
Total Current Assets	46,735,933	-	46,735,933
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Construction in progress	24,263		24,263
Buildings and systems	3,106,473		3,106,473
Infrastructure	70,848,107		70,848,107
Improvements other than buildings	2,760,352		2,760,352
Machinery, equipment, and vehicles	2,045,841	11,838	2,057,679
Total Capital Assets	95,245,962	174,538	95,420,500
TOTAL ASSETS	141,981,895	174,538	142,156,433
LIABILITIES			
Current Liabilities:			
Accounts payable	575,707	1,907	577,614
Accrued salary and benefits	361,251	729	361,980
Unearned revenue	235,556		235,556
Deposits	808,396		808,396
Internal balances	(172,778)	172,778	-
Portion due or payable within one year			
Compensated absences	683,841		683,841
Total Current Liabilities	2,491,973	175,414	2,667,387
Long-term Liabilities:			
Portion due or payable after one year			
Compensated absences	808,604		808,604
Other post-employment benefits	1,864,881		1,864,881
Total Long-term Liabilities	2,673,485	-	2,673,485
TOTAL LIABILITIES	5,165,458	175,414	5,340,872
NET POSITION			
Investment in capital assets	95,245,962	174,538	95,420,500
Restricted for			
Recycling expenditures	446,235		446,235
Rescue squad	1,929		1,929
Highway aid	222,604		222,604
Drug prevention	193,858		193,858
Unrestricted	40,705,849	(175,414)	40,530,435
TOTAL NET POSITION	\$ 136,816,437	\$ (876)	\$ 136,815,561

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Business-Type Activities
				Governmental Activities	Business-Type Activities	
						Total
GOVERNMENTAL ACTIVITIES						
General government	\$ 2,573,012	\$ 1,021,066	\$ 628,019	\$ (923,927)	\$ -	\$ (923,927)
Public safety	15,554,489	1,537,430	312,828	(13,704,231)		(13,704,231)
Public works - highways and streets	5,817,812	140,425	702,500	(4,974,887)		(4,974,887)
Culture and recreation	1,902,802	178,347	30	(1,724,425)		(1,724,425)
TOTAL GOVERNMENTAL ACTIVITIES	25,848,115	2,877,268	1,643,377	(21,327,470)	-	(21,327,470)
BUSINESS-TYPE ACTIVITIES						
Pinewood Pool	222,846	173,989		(48,857)		(48,857)
TOTAL BUSINESS-TYPE ACTIVITIES	222,846	173,989	-	(48,857)	-	(48,857)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 26,070,961	\$ 3,051,257	\$ 1,643,377	(21,327,470)	(48,857)	(21,376,327)
GENERAL REVENUES						
Property taxes, levied for general purposes				2,263,235		2,263,235
Real estate transfer taxes				858,764		858,764
Local services taxes				371,842		371,842
Mechanical device tax				34,023		34,023
Other taxes				13,288		13,288
Payment in lieu of taxes				75,000		75,000
Contributions not restricted to specific programs				16,082,578		16,082,578
Interest earnings				37,434		37,434
Miscellaneous revenues				77,141		77,141
Transfers				(75,000)	75,000	-
TOTAL GENERAL REVENUES AND TRANSFERS				19,738,305	75,000	19,813,305
CHANGE IN NET POSITION				(1,589,165)	26,143	(1,563,022)
NET POSITION AT BEGINNING OF YEAR				138,405,602	(27,019)	138,378,583
NET POSITION AT END OF YEAR				\$ 136,816,437	\$ (876)	\$ 136,815,561

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 23,667,721	\$ 3,837,060	\$ 888,482	\$ 28,393,263
Investments	16,325,766			16,325,766
Accounts receivable (net of allowance for uncollectibles)	1,726,899	1		1,726,900
Taxes receivable	35,164		57,937	93,101
Interfund receivable	293,541		-	293,541
Prepaid items	196,903			196,903
TOTAL ASSETS	\$ 42,245,994	\$ 3,837,061	\$ 946,419	\$ 47,029,474
LIABILITIES				
Accounts payable	\$ 533,995	\$ 11,009	\$ 30,703	\$ 575,707
Deposits	36,425	771,721	250	808,396
Interfund payable			120,763	120,763
Salaries and benefits payable	969,649		75,443	1,045,092
Unearned revenue	323,794			323,794
TOTAL LIABILITIES	1,863,863	782,730	227,159	2,873,752
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - real estate taxes	34,167		56,408	90,575
Unavailable revenue - other	7,002			7,002
TOTAL DEFERRED INFLOWS OF RESOURCES	41,169	-	56,408	97,577
FUND BALANCES				
Nonspendable:				
Prepaid items	196,903			196,903
Restricted for:				
Recycling expenditures			446,235	446,235
Rescue squad			1,929	1,929
Highway aid			222,604	222,604
Drug prevention			193,858	193,858
Assigned to:				
Capital projects	8,429,981	3,054,331		11,484,312
Subsequent year's budget: appropriation of fund balance	8,932,781			8,932,781
Unassigned	22,781,297		(201,774)	22,579,523
TOTAL FUND BALANCES	40,340,962	3,054,331	662,852	44,058,145
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 42,245,994	\$ 3,837,061	\$ 946,419	\$ 47,029,474

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

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

DECEMBER 31, 2013

TOTAL GOVERNMENTAL FUND BALANCES	\$ 44,058,145
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 \$148,924,239 and the accumulated depreciation is \$53,678,277	95,245,962
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	185,815
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	(1,864,881)
Compensated absences	<u>(808,604)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 136,816,437</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 828,406	\$	\$ 1,440,332	\$ 2,268,738
Real estate transfer	858,764			858,764
Local services	371,787			371,787
Mechanical device	34,023			34,023
Motor fuel tax			621,321	621,321
Payment in lieu of taxes	27,320		47,680	75,000
Host community fees	16,082,578			16,082,578
Licenses and permits	816,356			816,356
Fines and forfeits	200,345			200,345
Interest earnings	31,924	4,951		37,431
Rents	91,617		13,154	104,771
Intergovernmental	696,436		277,028	973,464
Charges for services	1,569,640		178,347	1,747,987
Contributions and donations	26,855		35,830	62,685
Refunds of prior years	34,674			34,674
TOTAL REVENUES	21,670,725	4,951	2,614,248	24,289,924
EXPENDITURES				
Current				
General government	2,326,866	62,210	-	2,389,076
Public safety	13,763,965		1,140,007	14,903,972
Public works - highways and streets	1,907,909	5,688	1,122,348	3,035,945
Culture and recreation	34,935		1,099,703	1,134,638
Capital outlay				
General government	399,969			399,969
Public safety	839,433			839,433
Public works - highways and streets	6,748,981	57,688	82,175	6,888,844
Culture and recreation	1,277,434			1,277,434
TOTAL EXPENDITURES	27,299,492	125,586	3,444,233	30,869,311
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,628,767)	(120,635)	(829,985)	(6,579,387)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,642,064	200,000	510,000	5,352,064
Transfers out	(785,000)	(4,615,064)	(27,000)	(5,427,064)
Sale of capital assets	39,426			39,426
TOTAL OTHER FINANCING SOURCES (USES)	3,896,490	(4,415,064)	483,000	(35,574)
NET INCREASE (DECREASE) IN FUND BALANCES	(1,732,277)	(4,535,699)	(346,985)	(6,614,961)
FUND BALANCES AT BEGINNING OF YEAR	42,073,239	7,590,030	1,009,837	50,673,106
FUND BALANCES, ENDING	\$ 40,340,962	\$ 3,054,331	\$ 662,852	\$ 44,058,145

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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (6,614,961)

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:

Capital outlay	9,405,680
Depreciation expense	(4,031,468)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

4,600

Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.

(48,670)

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.

(408,936)

Judgement payable does not require the use of current financial resources, therefore, is not reported as an expenditure in Governmental Funds.

104,590

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (1,589,165)

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 869,920	\$ 869,920	\$ 828,406	\$ (41,514)
Real estate transfer	560,000	560,000	858,764	298,764
Local services	400,000	400,000	371,787	(28,213)
Mechanical device	35,000	35,000	34,023	(977)
Payment in lieu of taxes	29,605	29,605	27,320	(2,285)
Host community fees	14,636,100	14,636,100	16,082,578	1,446,478
Licenses and permits	845,000	845,000	816,356	(28,644)
Fines and forfeits	148,000	148,000	200,345	52,345
Interest earnings	775,300	775,300	31,924	(743,376)
Rents	90,408	90,408	91,617	1,209
Intergovernmental	619,350	619,350	696,436	77,086
Charges for services	1,297,100	1,297,100	1,569,640	272,540
Contributions and donations	-	-	26,855	26,855
Refunds of prior years	32,000	32,000	34,674	2,674
Miscellaneous revenues	100	100	-	(100)
TOTAL REVENUES	20,337,883	20,337,883	21,670,725	1,332,842
EXPENDITURES				
Current				
General government				
Supervisors	34,926	34,926	89,207	(54,281)
Manager	373,340	373,340	386,343	(13,003)
Finance and administration	506,027	506,027	532,832	(26,805)
Attorney	307,500	307,500	468,123	(160,623)
Other	907,386	907,386	850,361	57,025
Total general government	2,129,179	2,129,179	2,326,866	(197,687)
Public safety				
Police	11,345,836	11,345,836	12,209,748	(863,912)
Fire	503,857	503,857	483,958	19,899
Code Enforcement	1,037,756	1,037,756	1,070,259	(32,503)
Total public safety	12,887,449	12,887,449	13,763,965	(876,516)
Public works				
Highways and streets	1,749,050	1,749,050	1,907,909	(158,859)
Total public works	1,749,050	1,749,050	1,907,909	(158,859)
Total culture and recreation	-	-	34,935	(34,935)
Capital outlay				
General government	1,269,723	1,269,723	399,969	869,754
Public safety	1,633,902	1,633,902	839,433	794,469
Public works - highway and streets	12,601,689	12,601,689	6,748,981	5,852,708
Culture and recreation	1,798,356	1,798,356	1,277,434	520,922
Total capital outlay	17,303,670	17,303,670	9,265,817	8,037,853
TOTAL EXPENDITURES	34,069,348	34,069,348	27,299,492	6,769,856
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,731,465)	(13,731,465)	(5,628,767)	8,102,698
OTHER FINANCING SOURCES (USES)				
Transfers in	4,642,064	4,642,064	4,642,064	-
Transfers out	(785,000)	(785,000)	(785,000)	-
Sale of assets	2,000	2,000	39,426	37,426
TOTAL OTHER FINANCING SOURCES (USES)	3,859,064	3,859,064	3,896,490	37,426
NET INCREASE (DECREASE) IN FUND BALANCE	(9,872,401)	(9,872,401)	(1,732,277)	8,140,124
FUND BALANCE, BEGINNING	42,073,239	42,073,239	42,073,239	-
FUND BALANCE, ENDING	\$ 32,200,838	\$ 32,200,838	\$ 40,340,962	\$ 8,140,124

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
	ASSETS	
Capital Assets (net of accumulated depreciation):		
Land	\$ 162,700	\$ 162,700
Machinery and equipment	11,838	13,811
TOTAL CAPITAL ASSETS	174,538	176,511
TOTAL ASSETS	174,538	176,511
 LIABILITIES		
Current liabilities		
Accounts payable	1,907	120
Interfund payable	172,778	202,771
Salaries and benefits payable	729	639
TOTAL CURRENT LIABILITIES	175,414	203,530
 NET POSITION		
Investment in capital assets	174,538	176,511
Unrestricted	(175,414)	(203,530)
TOTAL NET POSITION	\$ (876)	\$ (27,019)

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, 2013

	<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	\$ 156,186	\$ 155,443
Concession income	17,803	20,696
TOTAL OPERATING REVENUES	<u>173,989</u>	<u>176,139</u>
OPERATING EXPENSES		
Costs of sales and services	195,011	195,946
Administration	25,862	28,160
Depreciation on capital assets	1,973	1,973
TOTAL OPERATING EXPENSES	<u>222,846</u>	<u>226,079</u>
Operating Loss	(48,857)	(49,940)
Transfers in	75,000	-
CHANGE IN NET POSITION	26,143	(49,940)
NET POSITION, BEGINNING	<u>(27,019)</u>	<u>22,921</u>
NET POSITION, ENDING	<u>\$ (876)</u>	<u>\$ (27,019)</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 173,989	\$ 176,139
Payments to suppliers	(98,504)	(88,504)
Payments to employees	(120,492)	(135,395)
	(45,007)	(47,760)
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	45,007	47,760
	45,007	47,760
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES		
	45,007	47,760
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (48,857)	\$ (49,940)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	1,973	1,973
Increase (decrease) in accounts payable	1,787	120
Increase (decrease) in salaries and benefits payable	90	87
	3,850	2,180
TOTAL ADJUSTMENTS		
	3,850	2,180
NET CASH USED IN OPERATING ACTIVITIES	\$ (45,007)	\$ (47,760)

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2013

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 4,624,533	\$ 2,027,168
Receivables	161,248	
Accounts receivable		1,704
Investment, at fair value		
Certificates of deposit	1,486,000	
Common stock, mutual funds	<u>17,893,718</u>	
TOTAL ASSETS	24,165,499	<u>\$ 2,028,872</u>
LIABILITIES		
Pension payable	<u>3,626</u>	
Escrow deposits		<u>\$ 2,028,872</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 24,161,873</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, 2013

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 1,053,647
Plan member	278,779
Commonwealth	516,620
Total Contributions	<u>1,849,046</u>
Investment Income	
Interest	32,284
Dividend income	327,813
Net appreciation in fair market value of investments	1,810,980
Total investment income	<u>2,171,077</u>
Less: investment expenses	<u>55,513</u>
Net investment income	<u>2,115,564</u>
TOTAL ADDITIONS	<u>3,964,610</u>
DEDUCTIONS	
Benefits	1,858,227
Administrative expenses	519
Total deductions	<u>1,858,746</u>
Change in Net Position	2,105,864
NET POSITION BEGINNING OF YEAR	<u>22,056,009</u>
NET POSITION END OF YEAR	<u>\$ 24,161,873</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2013

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

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. GASB Pronouncements not yet effective

Governmental Accounting Standards Board (GASB) issued Statement No. 67 *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement NO. 27*. The township is required to adopt GASB Statement No. 67 for the calendar year 2014, and GASB Statement No. 68 for the calendar year 2015. The Township has not yet completed the analysis required to estimate the financial statement impact of these new pronouncements.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. 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 market 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 market value of the pool shares.

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 are recorded at the estimated fair value at the date of donation. 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 are 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

E. Assets, Liabilities, and Net Position or Equity, 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	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

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 as part of their collective bargaining agreement. The actuarial liability amortized over 30 years is reported in the government-wide financial statements.

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.

9. Net Position

Net position is considered restricted if the use is constrained to a particular purpose. The government-wide statement of net position reports \$864,626 of restricted net position, \$1,929 is restricted by enabling legislation.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

10. 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

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, township building complex fund and the development maintenance 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, 2013, expenditures exceeded appropriations in the following funds. These over-expenditures were funded by interfund transfers and available fund balances.

Fund	Excess
Fire Hydrant Fund	\$ 2,141
Highway Aid Fund	44,169
Fire Protection Fund	28,922
Park and Recreation Fund	83,737
Capital Reserve Fund	21,630

C. Deficit Fund Balance

At June 30, 2013, the nonmajor special revenue funds have deficit fund balances as follows: Fire Hydrant - \$4,364, Street Lighting - \$15,893, Fire Protection - \$18,252, Library \$180, and Parks & Recreation - \$163,085. These deficits will be eliminated through a combination of increased revenues, decreased expenditures, and interfund transfers.

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 \$6,960,096 were collateralized by this pool of assets maintained by the Township's depository institutions.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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, 2013, \$6,960,096 of the Township's bank balance of \$7,965,594 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$6,960,096
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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.

As of December 31, 2013, the Township had the following investments:

Government-Wide Investments (not including Fiduciary):

Investment	Fair Value
PA Local Government Investment Trust	\$ 13,985,650
PA Treasury Invest Community Pool	36,495
First National Bank Money Market	8,321,987
SEI Government Fund	360,995
US Treasury Notes	257,079
Federal Home Loan Mortgage Corp	5,497,709
Federal Home Loan Bank	299,064
Federal National Mortgage Association	10,271,914
	\$ 39,030,893

Fiduciary Investments:

Investment	Fair Value
Mutual Funds	\$ 17,893,718
Certificate of Deposit	1,486,000
PA Local Government Investment Trust	4,624,533
	\$ 24,004,251

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.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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, 2013, the Township's investments were rated as:

Investment	Standard & Poor's
PA Local Government Investment Trust	AAA
PA Treasury Invest Community Pool	AAA
Federal Home Loan Mortgage Corp	Unavailable
Federal Home Loan Bank	Unavailable
Federal National Mortgage Association	Unavailable
Bond Mutual Funds	B,BB,BBB,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:

Investment	Fair Value	Percent of total Government Wide Investments
Federal Home Loan Mortgage Corp	\$ 5,497,709	14%
Federal National Mortgage Association	10,271,914	26%

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, 2013, the Township's investments had the following weighted average maturities:

Investment	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Mortgage Corp	\$ 5,497,709	2.34
Federal Home Loan Bank	299,064	3.5
Federal National Mortgage Association	10,271,914	2.13
Bond Mutual Funds	1,374,578	6 - 10
Bond Mutual Funds	5,155,938	Unavailable

These mortgage pass-through investments are highly sensitive to changes in interest rate changes because of prepayment options.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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	\$ 35,164	\$ -	\$ 57,937	\$ -	\$ 93,101
Accounts	1,887,064	1	-	162,952	2,050,017
Gross receivables	1,922,228	1	57,937	162,952	2,143,118
Less: allowance for uncollectibles	(160,165)	-	-	-	(160,165)
Total net receivables	<u>\$ 1,762,063</u>	<u>\$ 1</u>	<u>\$ 57,937</u>	<u>\$ 162,952</u>	<u>\$ 1,982,953</u>

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	\$ 34,167	\$
Delinquent property taxes receivable - special revenue funds	56,408	
Accounts receivable, not available	7,002	
Accounts receivable, unearned		323,794
Total Governmental unearned/unavailable revenue	<u>\$ 97,577</u>	<u>\$ 323,794</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets

Capital asset activity for the year ended December 31, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 16,460,926	\$	\$	\$ 16,460,926
Construction in progress	-	24,263		24,263
Total capital assets not being depreciated	16,460,926	24,263	-	16,485,189
Capital Assets being depreciated				
Buildings	4,681,063	1,149,802		5,830,865
Improvements other than buildings	14,404,103	302,972		14,707,075
Machinery, equipment, and vehicles	6,640,380	1,303,721	18,819	7,925,282
Infrastructure	97,350,906	6,624,922		103,975,828
Total capital assets being depreciated	123,076,452	9,381,417	18,819	132,439,050
Less accumulated depreciation for:				
Buildings	2,505,086	219,306		2,724,392
Improvements other than buildings	11,229,692	717,031		11,946,723
Machinery, equipment, and vehicles	5,402,976	495,284	18,819	5,879,441
Infrastructure	30,527,874	2,599,847		33,127,721
Total accumulated depreciation	49,665,628	4,031,468	18,819	53,678,277
Total capital assets being depreciated, net	73,410,824	5,349,949	-	78,760,773
Governmental activities capital assets, net	<u>\$ 89,871,750</u>	<u>\$ 5,374,212</u>	<u>\$ -</u>	<u>\$ 95,245,962</u>
	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	5,919	1,973		7,892
Business-type activities capital assets, net	<u>\$ 176,511</u>	<u>\$ (1,973)</u>	<u>\$ -</u>	<u>\$ 174,538</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets, continued

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

Governmental Activities:

General government	\$ 165,634
Public safety	320,294
Public works	2,759,152
Culture and recreation	786,388
Total depreciation expense - governmental activities	\$ 4,031,468

E. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at December 31, 2013:

	Receivable	Payable
General Fund	\$ 293,541	\$ -
Pool Fund	-	172,778
Nonmajor Funds	-	120,763
	\$ 293,541	\$ 293,541

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

Interfund transfers for the year ended December 31, 2013, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General Fund	\$ 785,000	\$ 4,642,064
Capital Reserve Fund	4,615,064	200,000
Pool Fund	-	75,000
Nonmajor Funds	27,000	510,000
	\$ 5,427,064	\$ 5,427,064

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental Activities					
Other Post-employment benefits	\$ 1,455,945	\$ 746,173	\$ 337,237	\$ 1,864,881	\$ -
Compensated Absences	1,234,038	309,770	51,363	1,492,445	683,841
Total Governmental Activities	<u>\$ 2,689,983</u>	<u>\$ 1,055,943</u>	<u>\$ 388,600</u>	<u>\$ 3,357,326</u>	<u>\$ 683,841</u>

The general fund has been used to liquidate the liability for the compensated absences and other post-employment benefits 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, 2013.

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.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

C. Other Post-employment Benefits

Plan Description: The Township provides postemployment healthcare benefits, as per the requirements of local ordinances, for certain retired police officers. The Township pays \$2,400 to \$9,600 per year of the premiums of healthcare coverage for police officers who retire with 25 years of full-time service or become disabled. The Township calculates its actuarial valuation once every three years, as required. Separate financial statements are not issued for the plan.

Funding Policy: The Township has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2013 year, 23 eligible retirees received postemployment health care benefits. The Township provided age-adjusted contributions of \$337,237 toward the annual OPEB cost. Required contributions are based on projected age-adjusted pay-as-you-go financing.

The following table shows the Township’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township’s net OPEB obligation:

<u>Description</u>	
Normal cost (service cost for one year)	\$ 167,930
Interest on Normal Cost	30,044
Amortization of Unfunded Actuarial Accrued Liability	<u>583,159</u>
Annual Required Contribution (ARC)	781,133
Interest on net OPEB Obligation	58,238
Adjustment to Annual Required Contribution	<u>(93,198)</u>
Annual OPEB Cost (expense)	746,173
Contributions toward the OPEB Cost	<u>(337,237)</u>
Increase in Net OPEB Obligation	408,936
Net OPEB Obligation, Beginning of Year	<u>1,455,945</u>
Net OPEB Obligation, End of Year	<u>\$ 1,864,881</u>

Annual OPEB Cost and Net OPEB Obligation: The Township’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years, was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2011	\$ 712,968	39%	\$ 1,061,125
12/31/2012	730,379	38%	1,455,945
12/31/2013	746,173	45%	1,864,881

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

C. Other Post-employment Benefits, continued

Funded Status and Funding Progress: As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$9,007,616, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$9,007,616. The covered payroll (annual payroll of active participating employees) was \$3,804,499 for the 2011 year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 236.8 percent.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Township's initial OPEB actuarial valuation as of January 1, 2011 used the entry age normal actuarial cost method to estimate both the unfunded liability as of December 31, 2013 and to estimate the Township's annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.0 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 8% initially for the 2011 year, decreasing by .5% per year to an ultimate level of 5%. There is no inflation rate increase or projected salary or post-retirement benefit increases. The amortization method for the unfunded actuarial liability is "level dollar amount". The remaining amortization period at December 31, 2013 is 24 years, using level dollar open amortization.

D. Pension Plans

The Township maintains a single-employer pension plan that covers all of the Township's full-time sworn police officers and a single-employer pension plan that covers all full-time employees other than police officers.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Pension Plans, continued

Police Pension Plan (PPP)

Plan Description

The Township administers the PPP, a single-employer defined benefit plan covering the full-time police officers. The plan is controlled by the provisions of Ordinance 93-5, which amended Chapter 72 of the Falls Township Code. The PPP provides vesting, retirement, survivor, and disability benefits to plan members and their beneficiaries. Cost of living allowances are provided at the discretion of the municipality. Falls Township issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the Township’s office.

Membership of the PPP consisted of the following at January 1, 2013, the date of the latest actuarial valuations:

Active Plan members	44
Retirees and beneficiaries receiving benefits	53
Terminated employees entitled to benefit but not yet receiving them	<u>1</u>
Total	<u>98</u>

Summary of Significant Accounting Policies

The financial statements of the PPP are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the PPP are recognized when due, in accordance with Act 205, as amended by Act 189. Benefits and refunds are recognized when due and payable in accordance with the terms of the PPP. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Contributions and Funding Policy

As a condition of participation, full-time officers are required to contribute 5% of compensation to the PPP. The Township allocates State Aid received from the Commonwealth of Pennsylvania to the PPP. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute \$1,470,557 to the plan for the year 2013. The Township contributed \$516,620 of Commonwealth State Aid, and an additional \$953,937 to the plan for 2013 as required. The payment from the Commonwealth for State Aid is recognized as revenue in the General Fund and an expenditure to the Fiduciary Fund. The schedule of funding progress is presented as required supplementary information (RSI) following the notes to the financial statements.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Pension Plans, continued

Annual Pension Cost

The Township's annual pension cost ("APC") for the PPP for the year ended December 31, 2013 is as follows:

Annual Required Contribution (ARC)	\$ 1,470,557
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost	1,470,557
Contributions made	(1,470,557)
Increase in net pension obligation	-
Net pension obligation, end of year	\$ -

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 1,313,893	100%	\$ -
12/31/2012	1,318,901	100%	-
12/31/2013	1,470,557	100%	-

Funding Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 61.1% funded. The actuarial accrued liability for benefits was \$36,942,191 and the actuarial value of assets was \$22,564,046, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,378,145. The covered payroll (annual payroll of active employees covered by the plan) was \$4,956,040, and the ratio of the UAAL to the covered payroll was 290.2%. The schedule of funding progress, presented in the RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Pension Plans, continued

Actuarial Methods and Assumptions

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry Age Normal
Asset valuation method	5 year smoothing
Amortization method	Level Dollar, Open
Remaining amortization period	12 Years
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Inflation rate	3%

Non Uniform Pension Plan (NUPP)

Plan Description

The Township administers the NUPP, a single-employer defined contribution pension plan in which all general and public safety employees of the Township are eligible to participate. The NUPP provides retirement, disability, and death benefits to plan members and their beneficiaries. The Township has authorized the Board of Supervisors to establish and amend all plan provisions.

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 \$99,710 for the year ending December 31, 2013.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWNSHIP OF FALLS

POLICE PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2009	\$ 19,719,896	\$ 29,828,997	\$ 10,109,101	66.1%	\$ 4,190,968	241.2%
January 1, 2011	\$ 22,390,328	\$ 34,284,190	\$ 11,893,862	65.3%	\$ 4,712,541	252.4%
January 1, 2013	\$ 22,564,046	\$ 36,942,191	\$ 14,378,145	61.1%	\$ 4,956,040	290.1%

Separately issued financial statements for the Police Pension Plan may be obtained at the Township offices.

TOWNSHIP OF FALLS

OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$ 0	\$ 6,307,595	\$ 6,307,595	0.0%	\$ 3,689,955	170.9%
January 1, 2011	\$ 0	\$ 9,007,616	\$ 9,007,616	0.0%	\$ 3,804,499	236.8%

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SUPPLEMENTARY INFORMATION

TOWNSHIP OF FALLS

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 .24 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 1.20 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 Fallsington 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 1.26 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, 2013

	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	\$ 14,684	\$ 224,136	\$ 14,373	\$ 16,109	\$ 1,805	\$ 446,235	\$ 16,223	\$ 1,754	\$ 201,673	\$ 888,482	
Taxes receivable	2,981							6,446		57,937	
Interfund receivable											
TOTAL ASSETS	\$ 17,665	\$ 224,136	\$ 14,373	\$ 16,109	\$ 1,805	\$ 446,235	\$ 16,223	\$ 8,200	\$ 201,673	\$ 946,419	
LIABILITIES											
Accounts payable	\$ 19,125	\$ 1,532	\$ 263	\$ 170	\$ 229	\$ 9,440	\$ 86,035	\$ 173	\$ 30,703	\$ 120,763	
Interfund payable			15,980	18,519		250				250	
Deposits						67,801			7,642	75,443	
Salaries and benefits payable											
TOTAL LIABILITIES	19,125	1,532	16,243	18,689	229	-	163,526	-	7,815	227,159	
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - real estate taxes	2,904		14,023	15,672	1,756		15,782	6,271		56,408	
TOTAL DEFERRED INFLOWS OF RESOURCES	2,904	-	14,023	15,672	1,756	-	15,782	6,271	-	56,408	
FUND BALANCES											
Restricted for:											
Recycling expenditures						446,235				446,235	
Rescue Squad								1,929		1,929	
Highway aid		222,604								222,604	
Drug prevention									193,858	193,858	
Unassigned	(4,364)		(15,893)	(18,252)	(180)		(163,085)			(201,774)	
TOTAL FUND BALANCES (DEFICITS)	(4,364)	222,604	(15,893)	(18,252)	(180)	446,235	(163,085)	1,929	193,858	662,852	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,665	\$ 224,136	\$ 14,373	\$ 16,109	\$ 1,805	\$ 446,235	\$ 16,223	\$ 8,200	\$ 201,673	\$ 946,419	

TOWNSHIP OF FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	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	\$ 75,236	\$ 621,321	\$ 375,273	\$ 392,786	\$ 43,993	\$ 395,928	\$ 157,116	\$ 1,440,332			\$ 1,440,332
Motor fuel tax								621,321			621,321
Payment in lieu of taxes	2,494		12,465	12,984	1,454	13,089	5,194	47,680			47,680
Interest earnings	2	140	2	9	1	127	3	556	7		556
Rents								13,154			13,154
Intergovernmental				277,028							277,028
Charges for services								178,347			178,347
Contributions and donations								35,800			35,800
TOTAL REVENUES	77,732	621,461	387,740	682,807	45,448	127	162,313	35,807	2,614,248		2,614,248
EXPENDITURES											
Current											
Public safety	79,141		365,691	676,722			160,362	223,782			1,140,007
Public works - highways and streets		756,657			45,000		1,054,703				1,122,348
Culture and recreation											1,099,703
Capital outlay											
Public works - highways and streets		69,375	12,800								82,175
TOTAL EXPENDITURES	79,141	826,032	378,491	676,722	45,000	-	1,054,703	223,782	3,444,233		3,444,233
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,409)	(204,571)	9,249	6,085	448	127	(453,890)	1,951	(187,975)		(829,985)
OTHER FINANCING SOURCES (USES)											
Transfers in			100,000	(26,000)	(1,000)		170,000				510,000
Transfers out								240,000			(27,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	100,000	(26,000)	(1,000)	-	170,000	240,000	483,000		483,000
NET CHANGES IN FUND BALANCES	(1,409)	(204,571)	109,249	(19,915)	(552)	127	(283,890)	1,951	52,025		(346,985)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	(2,955)	427,175	(125,142)	1,663	372	446,108	(22)	141,833	1,009,837		1,009,837
FUND BALANCES (DEFICITS), END OF YEAR	\$ (4,364)	\$ 222,604	\$ (15,893)	\$ (18,252)	\$ (180)	\$ 446,235	\$ (163,085)	\$ 1,929	\$ 193,858		\$ 662,852

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, 2013

	<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	\$ 78,557	\$ 78,557	\$ 75,236	\$ (3,321)
Payment in lieu of taxes	2,285	2,285	2,494	209
Interest earnings	65	65	2	(63)
TOTAL REVENUES	<u>80,907</u>	<u>80,907</u>	<u>77,732</u>	<u>(3,175)</u>
EXPENDITURES				
Current				
Public safety	<u>77,000</u>	<u>77,000</u>	<u>79,141</u>	<u>(2,141)</u>
TOTAL EXPENDITURES	<u>77,000</u>	<u>77,000</u>	<u>79,141</u>	<u>(2,141)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>3,907</u>	<u>3,907</u>	<u>(1,409)</u>	<u>(5,316)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>(2,955)</u>	<u>(2,955)</u>	<u>(2,955)</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 952</u>	<u>\$ 952</u>	<u>\$ (4,364)</u>	<u>\$ (5,316)</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor fuel tax	\$ 605,031	\$ 605,031	\$ 621,321	\$ 16,290
Interest earnings	400	400	140	(260)
TOTAL REVENUES	<u>605,431</u>	<u>605,431</u>	<u>621,461</u>	<u>16,030</u>
EXPENDITURES				
Current				
Public works - highways and streets	731,863	731,863	756,657	(24,794)
Capital outlay				
Public works - highways and streets	<u>50,000</u>	<u>50,000</u>	<u>69,375</u>	<u>(19,375)</u>
TOTAL EXPENDITURES	<u>781,863</u>	<u>781,863</u>	<u>826,032</u>	<u>(44,169)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(176,432)	(176,432)	(204,571)	(28,139)
FUND BALANCE, BEGINNING	<u>427,175</u>	<u>427,175</u>	<u>427,175</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 250,743</u>	<u>\$ 250,743</u>	<u>\$ 222,604</u>	<u>\$ (28,139)</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 391,810	\$ 391,810	\$ 375,273	\$ (16,537)
Payment in lieu of taxes	10,388	10,388	12,465	2,077
Interest earnings	80	80	2	(78)
TOTAL REVENUES	<u>402,278</u>	<u>402,278</u>	<u>387,740</u>	<u>(14,538)</u>
EXPENDITURES				
Current				
Public works - highways and streets	366,000	366,000	365,691	309
Capital outlay				
Public works - highways and streets	25,000	25,000	12,800	12,200
TOTAL EXPENDITURES	<u>391,000</u>	<u>391,000</u>	<u>378,491</u>	<u>12,509</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,278</u>	<u>11,278</u>	<u>9,249</u>	<u>(2,029)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	100,000	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	111,278	111,278	109,249	(2,029)
FUND BALANCE (DEFICIT), BEGINNING	<u>(125,142)</u>	<u>(125,142)</u>	<u>(125,142)</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (13,864)</u>	<u>\$ (13,864)</u>	<u>\$ (15,893)</u>	<u>\$ (2,029)</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Property tax	\$ 410,116	\$ 410,116	\$ 392,786	\$ (17,330)
Payment in lieu of taxes	12,985	12,985	12,984	(1)
Intergovernmental	250,000	250,000	277,028	27,028
Interest earnings	80	80	9	(71)
TOTAL REVENUES	<u>673,181</u>	<u>673,181</u>	<u>682,807</u>	<u>9,626</u>
EXPENDITURES				
Current				
Public Safety	<u>647,800</u>	<u>647,800</u>	<u>676,722</u>	<u>(28,922)</u>
TOTAL EXPENDITURES	<u>647,800</u>	<u>647,800</u>	<u>676,722</u>	<u>(28,922)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,381</u>	<u>25,381</u>	<u>6,085</u>	<u>(19,296)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(619)	(619)	(19,915)	(19,296)
FUND BALANCE (DEFICIT), BEGINNING	<u>1,663</u>	<u>1,663</u>	<u>1,663</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 1,044</u>	<u>\$ 1,044</u>	<u>\$ (18,252)</u>	<u>\$ (19,296)</u>

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, 2013

	<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	\$ 45,939	\$ 45,939	\$ 43,993	\$ (1,946)
Payment in lieu of taxes	1,454	1,454	1,454	-
Interest earnings	25	25	1	(24)
TOTAL REVENUES	<u>47,418</u>	<u>47,418</u>	<u>45,448</u>	<u>(1,970)</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>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,418</u>	<u>2,418</u>	<u>448</u>	<u>(1,970)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	1,418	1,418	(552)	(1,970)
FUND BALANCE (DEFICIT), BEGINNING	<u>372</u>	<u>372</u>	<u>372</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 1,790</u>	<u>\$ 1,790</u>	<u>\$ (180)</u>	<u>\$ (1,970)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 414,058	\$ 414,058	\$ 395,928	\$ (18,130)
Payment in lieu of taxes	13,089	13,089	13,089	-
Rents	15,479	15,479	13,154	(2,325)
Charges for services	218,200	218,200	178,347	(39,853)
Interest earnings	75	75	265	190
Contributions and donations	-	-	30	30
TOTAL REVENUES	<u>660,901</u>	<u>660,901</u>	<u>600,813</u>	<u>(60,088)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>970,966</u>	<u>970,966</u>	<u>1,054,703</u>	<u>(83,737)</u>
TOTAL EXPENDITURES	<u>970,966</u>	<u>970,966</u>	<u>1,054,703</u>	<u>(83,737)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(310,065)</u>	<u>(310,065)</u>	<u>(453,890)</u>	<u>(143,825)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>(140,065)</u>	<u>(140,065)</u>	<u>(283,890)</u>	<u>(143,825)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>120,805</u>	<u>120,805</u>	<u>120,805</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (19,260)</u>	<u>\$ (19,260)</u>	<u>\$ (163,085)</u>	<u>\$ (143,825)</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, 2013

	<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	\$ 164,056	\$ 164,056	\$ 157,116	\$ (6,940)
Payment in lieu of taxes	5,194	5,194	5,194	-
Interest earnings	65	65	3	(62)
TOTAL REVENUES	<u>169,315</u>	<u>169,315</u>	<u>162,313</u>	<u>(7,002)</u>
EXPENDITURES				
Current				
Public safety	<u>162,500</u>	<u>162,500</u>	<u>160,362</u>	<u>2,138</u>
TOTAL EXPENDITURES	<u>162,500</u>	<u>162,500</u>	<u>160,362</u>	<u>2,138</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>6,815</u>	<u>6,815</u>	<u>1,951</u>	<u>(4,864)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6,793</u>	<u>\$ 6,793</u>	<u>\$ 1,929</u>	<u>\$ (4,864)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ -	\$ -	\$ 7	\$ 7
Contributions and donations	-	-	35,800	35,800
TOTAL REVENUES	-	-	35,807	35,807
EXPENDITURES				
Current				
Public safety	345,033	345,033	223,782	121,251
TOTAL EXPENDITURES	345,033	345,033	223,782	121,251
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(345,033)	(345,033)	(187,975)	157,058
OTHER FINANCING SOURCES (USES)				
Transfers in	240,000	240,000	240,000	-
NET INCREASE (DECREASE) IN FUND BALANCE	(105,033)	(105,033)	52,025	157,058
FUND BALANCE, BEGINNING	141,833	141,833	141,833	-
FUND BALANCE, ENDING	\$ 36,800	\$ 36,800	\$ 193,858	\$ 157,058

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 65,000	\$ 65,000	\$ 4,951	\$ (60,049)
Intergovernmental	-	-	-	-
TOTAL REVENUES	<u>65,000</u>	<u>65,000</u>	<u>4,951</u>	<u>(60,049)</u>
EXPENDITURES				
Current				
General Government	53,956	53,956	62,210	(8,254)
Public works - highways and streets			5,688	(5,688)
Capital Outlay				
General Government	50,000	50,000	-	50,000
Public works - highways and streets	-	-	57,688	(57,688)
TOTAL EXPENDITURES	<u>103,956</u>	<u>103,956</u>	<u>125,586</u>	<u>(21,630)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(38,956)</u>	<u>(38,956)</u>	<u>(120,635)</u>	<u>(81,679)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	-
Transfers out	(4,615,064)	(4,615,064)	(4,615,064)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,415,064)</u>	<u>(4,415,064)</u>	<u>(4,415,064)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>(4,454,020)</u>	<u>(4,454,020)</u>	<u>(4,535,699)</u>	<u>(81,679)</u>
FUND BALANCE, BEGINNING	<u>7,590,030</u>	<u>7,590,030</u>	<u>7,590,030</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,136,010</u>	<u>\$ 3,136,010</u>	<u>\$ 3,054,331</u>	<u>\$ (81,679)</u>

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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, 2013

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 4,624,533	\$ 4,624,533
Receivables		161,248	161,248
Investment, at fair value			
Certificates of deposit		1,486,000	1,486,000
Common stock, mutual funds	1,858,376	16,035,342	17,893,718
TOTAL ASSETS	1,858,376	22,307,123	24,165,499
LIABILITIES			
Pension payable		3,626	3,626
TOTAL LIABILITIES	-	3,626	3,626
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 1,858,376	\$ 22,303,497	\$ 24,161,873

TOWNSHIP OF FALLS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

ALL PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Non-Uniform Pension Fund	Police Pension Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 99,710	\$ 953,937	\$ 1,053,647
Plan Member		278,779	278,779
Commonwealth		516,620	516,620
Total Contributions	99,710	1,749,336	1,849,046
Investment Income			
Interest		32,284	32,284
Dividend income		327,813	327,813
Net appreciation (depreciation) in fair market value of investments	246,736	1,564,244	1,810,980
Total investment income	246,736	1,924,341	2,171,077
Less: investment expenses	55,513	55,513	55,513
Net investment income	246,736	1,868,828	2,115,564
TOTAL ADDITIONS	346,446	3,618,164	3,964,610
DEDUCTIONS			
Benefits	6,481	1,851,746	1,858,227
Administrative expenses	519	-	519
Total deductions	7,000	1,851,746	1,858,746
Change in Net Position	339,446	1,766,418	2,105,864
NET POSITION BEGINNING YEAR	1,518,930	20,537,079	22,056,009
NET POSITION END OF YEAR	\$ 1,858,376	\$ 22,303,497	\$ 24,161,873

TOWNSHIP OF FALLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TOWNSHIP ESCROW SUBDIVISION FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 2,100,537	\$ 345,219	\$ 418,588	\$ 2,027,168
Accounts receivable	1,704	-	-	1,704
TOTAL ASSETS	\$ 2,102,241	\$ 345,219	\$ 418,588	\$ 2,028,872
LIABILITIES				
Deposits	\$ 2,102,241	\$ 345,219	\$ 418,588	\$ 2,028,872
TOTAL LIABILITIES	\$ 2,102,241	\$ 345,219	\$ 418,588	\$ 2,028,872

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, 2012 AND 2013

	2012	2013
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 16,460,926	\$ 16,460,926
Construction in progress	-	24,263
Building	4,681,063	5,830,865
Machinery and Equipment	3,684,267	4,963,350
Improvements	14,404,103	14,707,075
Infrastructure	97,350,906	103,975,828
Vehicles	2,956,113	2,961,932
	\$ 139,537,378	\$ 148,924,239
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS		
	2012	2013
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,345,173	2,427,348
Capital Reserve Fund	4,579,284	4,636,972
Host Community Fees Fund	120,389,094	129,636,092
Donations	5,741,587	5,741,587
	\$ 139,537,378	\$ 148,924,239
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS		

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	Land	Construction in progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Total
Function and Activity								
General government:								
Council					\$ 14,973			\$ 14,973
Manager					2,768			2,768
Finance and Administration			\$ 2,770,993		513,116			3,284,109
Other-unclassified			407,471		51,419			458,890
Total general government			<u>3,178,464</u>		<u>582,276</u>			<u>3,760,740</u>
Public Safety								
Police			176,991		1,907,644		\$ 1,965,289	4,049,924
Fire and Emergency					44,204		133,758	177,962
License and Inspection					46,847		84,135	130,982
Total public safety			<u>176,991</u>		<u>1,998,695</u>		<u>2,183,182</u>	<u>4,358,868</u>
Highways and Streets:								
Engineering			646,771			\$ 4,331,601		4,978,372
Maintenance					2,078,464		726,252	2,804,716
Street System	\$ 1,757,000					99,644,227		101,401,227
Total highways and streets	<u>1,757,000</u>		<u>646,771</u>		<u>2,078,464</u>	<u>103,975,828</u>	<u>726,252</u>	<u>109,184,315</u>
Culture and recreation	14,703,926	\$ 24,263	1,828,639	\$ 14,707,075	303,915		52,498	31,620,316
Total governmental funds capital assets	<u>\$ 16,460,926</u>	<u>\$ 24,263</u>	<u>\$ 5,830,865</u>	<u>\$ 14,707,075</u>	<u>\$ 4,963,350</u>	<u>\$ 103,975,828</u>	<u>\$ 2,961,932</u>	<u>\$ 148,924,239</u>

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, 2013

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>December 31, 2013</u>
General Government				
Supervisors	\$ 29,444	\$ -	\$ -	\$ 29,444
Manager	25,913	-	-	25,913
Finance and Administration	3,010,736	192,431	-	3,203,167
Other-Unclassified	294,678	207,538	-	502,216
Total general government	<u>3,360,771</u>	<u>399,969</u>	<u>-</u>	<u>3,760,740</u>
Public Safety				
Police	3,253,948	814,795	18,819	4,049,924
Fire and Emergency Management	200,129	-	-	200,129
License and Inspection	84,177	24,638	-	108,815
Total public safety	<u>3,538,254</u>	<u>839,433</u>	<u>18,819</u>	<u>4,358,868</u>
Highway and Streets				
Engineering	4,780,595	716,049	-	5,496,644
Maintenance	2,693,538	323,866	-	3,017,424
Street system	94,840,713	5,848,909	-	100,689,622
Total highways and streets	<u>102,314,846</u>	<u>6,888,844</u>	<u>-</u>	<u>109,203,690</u>
Culture and recreation	<u>30,323,507</u>	<u>1,277,434</u>	<u>-</u>	<u>31,600,941</u>
Total governmental funds capital assets	<u>\$ 139,537,378</u>	<u>\$ 9,405,680</u>	<u>\$ 18,819</u>	<u>\$ 148,924,239</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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net position, invested in capital assets	\$ 95,245,962	\$ 89,871,750	\$ 89,258,738	\$ 85,897,168	\$ 86,400,724	\$ 78,889,984	\$ 74,447,001	\$ 75,381,478	\$ 74,700,662	\$ 71,835,634
Restricted	864,626	1,137,956	1,065,729	654,164	5,993,448	11,196,559	11,479,422	4,131,652	3,921,225	3,989,535
Unrestricted	40,705,849	47,395,896	51,226,521	55,366,230	51,556,593	53,721,633	56,468,352	41,615,006	39,116,207	39,288,271
Total governmental activities net position	\$ 136,815,437	\$ 138,405,602	\$ 140,580,988	\$ 141,917,562	\$ 143,950,765	\$ 143,790,176	\$ 144,384,775	\$ 121,128,136	\$ 117,738,094	\$ 115,113,440
Business-type activities										
Net position, invested in capital assets	\$ 174,538	\$ 176,511	\$ 178,484	\$ 180,457	\$ 162,700	\$ 162,700	\$ 146,486	\$ 130,210	\$ 10,787,336	\$ 8,836,326
Restricted	(175,414)	(203,530)	(155,563)	(258,693)	(253,056)	(171,955)	(111,962)	647,533	644,983	643,552
Unrestricted	(876)	(27,019)	(22,921)	(78,236)	(90,356)	(9,255)	34,524	20,311,052	8,853,492	8,948,855
Total business-type activities net position	\$ (876)	\$ (27,019)	\$ 22,921	\$ (78,236)	\$ (90,356)	\$ (9,255)	\$ 34,524	\$ 21,088,795	\$ 20,285,811	\$ 18,428,733
Primary government										
Net position, invested in capital assets	\$ 95,420,500	\$ 90,046,261	\$ 89,437,222	\$ 86,077,625	\$ 86,563,424	\$ 79,032,694	\$ 74,593,487	\$ 75,511,688	\$ 85,487,988	\$ 80,671,960
Restricted	864,626	1,137,956	1,065,729	654,164	5,993,448	11,196,559	11,479,422	4,779,185	4,566,208	4,633,087
Unrestricted	40,530,435	47,192,366	51,070,958	55,107,537	51,303,537	53,549,678	56,346,390	61,926,058	47,969,689	48,237,126
Total primary government net position	\$ 136,815,561	\$ 138,378,583	\$ 140,603,909	\$ 141,839,326	\$ 143,860,409	\$ 143,780,921	\$ 144,419,299	\$ 142,216,931	\$ 138,023,905	\$ 133,542,173

Source: Falls Township records

TOWNSHIP OF FALLS
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities										
General government	\$ 2,573,012	\$ 2,415,703	\$ 2,240,103	\$ 2,139,446	\$ 1,820,889	\$ 3,532,145	\$ 1,907,185	\$ 1,824,208	\$ 1,868,348	\$ 1,922,288
Public safety	15,554,489	14,588,506	14,122,814	13,656,438	12,209,438	11,834,328	10,786,841	10,377,900	9,400,156	9,177,838
Public works - highways and streets	5,817,812	5,530,481	5,289,057	5,078,350	4,808,901	4,520,005	4,141,085	4,063,823	3,649,827	3,798,113
Culture and recreation	1,902,802	1,837,890	1,782,862	1,477,833	1,393,156	1,372,976	1,254,797	1,153,181	1,571,044	2,089,456
Debt service interest	-	-	-	-	102,594	168,129	53,091	1,284	-	-
Total governmental activities expenses	25,848,115	24,372,380	23,434,826	22,351,867	20,334,978	21,427,563	18,142,999	17,420,396	16,589,375	16,997,695
Business-type activities										
Water	-	-	-	-	-	-	235,803	2,776,859	2,773,620	2,749,692
Sewer	-	-	-	-	-	-	231,348	3,091,923	3,027,368	3,326,285
Pinewood Pool	222,846	226,079	215,598	198,378	195,939	190,687	192,640	163,141	172,441	215,119
Total business-type activities expenses	222,846	226,079	215,598	198,378	195,939	190,687	659,791	6,031,923	5,973,429	6,291,096
Total primary government expenses	\$ 26,070,961	\$ 24,598,459	\$ 23,650,424	\$ 22,550,245	\$ 20,530,917	\$ 21,618,270	\$ 18,802,790	\$ 23,452,319	\$ 22,562,804	\$ 23,288,791
Program revenues										
Governmental activities										
Charges for services	\$ 1,021,066	\$ 953,299	\$ 945,872	\$ 911,525	\$ 713,199	\$ 971,180	\$ 1,150,847	\$ 1,267,467	\$ 1,367,533	\$ 1,096,593
General government	1,537,430	1,496,699	1,431,035	1,194,309	1,581,276	1,606,185	1,952,591	2,253,651	2,261,760	2,047,567
Public safety	140,425	59,570	38,004	50,025	163,665	54,018	176,171	16,066	69,057	9,407
Public works - highways and streets	178,347	174,219	180,091	153,921	155,546	173,908	156,120	902,232	131,292	104,910
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Operating grants & contributions	628,019	579,781	867,321	514,492	501,355	501,659	517,199	489,879	377,401	476,721
General government	312,828	278,797	467,220	328,894	303,046	338,679	320,010	305,123	309,937	389,201
Public safety	702,500	864,175	645,539	959,143	643,554	592,683	683,726	818,839	546,033	537,273
Public works - highways and streets	30	32	-	2,500	5,085	8,410	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	4,520,645	4,406,572	4,575,082	4,114,809	4,068,726	4,246,722	4,956,664	6,073,257	5,063,013	4,661,672
Business-type activities										
Charges for service	-	-	-	-	-	-	99,127	2,642,232	2,756,786	2,623,248
Water	-	-	-	-	-	-	11,849	3,557,819	3,377,887	2,716,138
Sewer	173,989	176,139	166,755	140,498	114,838	135,695	131,196	130,005	135,339	150,713
Pinewood Pool	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	173,989	176,139	166,755	140,498	114,838	135,695	242,172	6,330,056	6,270,012	5,490,099
Total primary government program revenues	\$ 4,694,634	\$ 4,582,711	\$ 4,741,837	\$ 4,255,307	\$ 4,183,564	\$ 4,382,417	\$ 5,198,836	\$ 12,403,313	\$ 11,333,025	\$ 10,151,771
Net (Expense)/Revenue										
Governmental activities	\$(21,327,470)	\$(19,965,808)	\$(18,859,744)	\$(18,237,058)	\$(16,288,252)	\$(17,180,861)	\$(13,186,335)	\$(11,347,139)	\$(11,526,362)	\$(12,336,023)
Business-type activities	(48,857)	(49,940)	(48,843)	(57,880)	(81,101)	(54,992)	(417,619)	298,133	296,583	(800,987)
Total primary government net expense	\$(21,376,327)	\$(20,015,748)	\$(18,908,587)	\$(18,294,938)	\$(16,369,353)	\$(17,235,853)	\$(13,603,954)	\$(11,049,006)	\$(11,229,779)	\$(13,137,020)

Fiscal Year

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General revenues and other changes in net position										
Governmental activities										
Property taxes, levied for general purposes	\$ 2,263,235	\$ 2,274,529	\$ 2,279,128	\$ 2,280,492	\$ 2,321,546	\$ 2,315,362	\$ 2,492,057	\$ 2,476,706	\$ 2,486,722	\$ 2,514,805
Real estate transfer taxes	858,764	582,059	361,953	323,164	531,353	686,834	776,351	1,277,361	790,944	736,018
Local Services taxes	371,842	371,546	376,389	402,011	383,200	389,125	-	-	-	-
Emergency Municipal Services taxes	-	-	-	-	-	-	635,217	508,277	210,960	180,397
Occupational Privilege tax	-	-	-	-	-	-	-	-	-	28,528
Mechanical device tax	34,023	33,583	36,372	32,513	23,778	23,207	26,432	29,325	27,881	12,424
Other taxes	13,288	14,328	12,938	13,539	14,109	13,907	15,213	14,834	16,642	-
Payment in lieu of taxes	75,000	75,459	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-
Contributions not restricted to specific programs	16,082,578	14,104,136	13,179,521	11,979,130	11,617,345	10,298,608	8,323,221	8,209,904	8,974,871	11,550,853
Investment earnings	37,434	288,455	958,489	1,113,180	1,273,281	2,647,142	2,891,638	1,999,578	991,172	428,726
Contributions/donations	-	-	-	-	-	-	14,511	20,453	29,316	51,623
Miscellaneous revenues	77,141	46,327	529,619	54,826	179,229	154,257	78,743	132,683	170,734	389,812
Gain / Loss on sale of capital assets	-	-	-	-	-	-	(23,677)	1,335	349,050	13,722
Transfers	(75,000)	-	(150,000)	(70,000)	-	(11,213)	21,138,268	(11,276)	27,724	73,724
Total governmental activities	19,736,305	17,790,422	17,859,419	16,203,855	16,428,841	16,592,229	36,442,974	14,737,181	14,151,016	15,980,632
Business-type activities										
Investment earnings	-	-	-	-	-	-	501,616	442,774	237,828	128,137
Capital contributions	-	-	-	-	-	-	-	50,801	1,350,391	-
Transfers	75,000	-	150,000	70,000	-	11,213	(21,138,268)	11,276	(27,724)	(73,724)
Total business-type activities	75,000	-	150,000	70,000	-	11,213	(20,636,652)	504,851	1,560,495	54,413
Total primary government	\$ 19,813,305	\$ 17,790,422	\$ 17,809,419	\$ 16,273,855	\$ 16,428,841	\$ 16,603,442	\$ 15,806,322	\$ 15,242,032	\$ 15,711,511	\$ 16,035,045
Change in net position										
Governmental activities	\$ (1,589,165)	\$ (2,175,386)	\$ (1,200,325)	\$ (2,033,203)	\$ 160,589	\$ (586,632)	\$ 23,256,639	\$ 3,390,042	\$ 2,624,654	\$ 3,644,609
Business-type activities	26,143	(49,940)	101,157	12,120	(81,101)	(43,779)	(21,054,271)	802,984	1,857,078	(746,584)
Total primary government	\$ (1,563,022)	\$ (2,225,326)	\$ (1,099,168)	\$ (2,021,083)	\$ 79,488	\$ (632,411)	\$ 2,202,368	\$ 4,193,026	\$ 4,481,732	\$ 2,898,025

Source: Falls Township records

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable:										
Prepaid items	\$ 196,903	\$ 204,163	\$ 169,290							
Assigned to:										
Capital Projects	8,429,981	17,326,670	10,520,582							
Subsequent year's budget	8,932,781	9,926,276	818,577							
Unassigned	22,781,297	14,616,130	24,783,566							
Unreserved				\$ 1,224,634	\$ 1,182,347	\$ (168,386)	\$ (182,733)	\$ (279,387)	\$ 2,205	\$ (340,332)
Reserved				175,009	109,817	172,148	183,767	174,350	176,056	-
Total General fund	\$ 40,340,962	\$ 42,073,239	\$ 36,292,015	\$ 1,399,643	\$ 1,292,164	\$ 3,762	\$ 1,034	\$ (105,037)	\$ 178,261	\$ (340,332)
All other governmental funds										
Restricted for:										
Culture and recreation	\$ -	\$ 120,805	\$ 333,961							
Fire protection	-	1,663	-							
Library support	-	372	922							
Rescue squad services	1,929	-	135							
Recycling expenditures	446,235	446,108	445,943							
Highway aid	222,604	427,175	290,572							
Drug prevention	193,858	141,833	24,196							
Assigned to:										
Capital projects	3,054,331	7,590,030	16,576,441							
Unassigned	(201,774)	(128,119)	(63,334)							
Unreserved, reported in:										
Special revenue funds				\$ 38,871,974	\$ 34,903,155	\$ 42,223,283	\$ 45,614,258	\$ 42,510,983	\$ 40,324,763	\$ 40,893,901
Permanent funds				65,642	65,557	65,394	-	-	-	-
Capital projects funds				111,729	5,261,072	10,367,764	10,492,506	3,092,635	2,939,735	2,946,911
Reserved, reported in:										
Capital projects funds				16,795,212	16,795,212	16,878,212	16,879,081	-	-	-
Total all other governmental funds	\$ 3,717,183	\$ 8,599,867	\$ 17,608,836	\$ 55,844,557	\$ 57,024,996	\$ 69,534,653	\$ 72,985,845	\$ 45,603,618	\$ 43,264,498	\$ 43,840,812
Total Governmental Funds	\$ 44,058,145	\$ 50,673,106	\$ 53,900,851	\$ 57,244,200	\$ 56,317,160	\$ 69,538,415	\$ 72,986,879	\$ 45,498,581	\$ 43,442,759	\$ 43,500,480

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes										
Property	\$ 2,268,738	\$ 2,268,828	\$ 2,279,211	\$ 2,269,754	\$ 2,321,546	\$ 2,312,152	\$ 2,480,393	\$ 2,523,820	\$ 2,478,146	\$ 2,523,300
Real estate transfer	858,764	582,059	361,953	323,164	531,353	686,834	776,351	1,277,361	790,944	736,018
Local Services tax	371,787	371,209	376,414	401,538	407,309	395,037	-	-	-	-
Emergency municipal services	-	-	-	-	-	-	623,804	509,277	210,960	-
Occupational Privilege tax	-	-	-	-	-	-	-	-	-	180,397
Mechanical device	34,023	33,583	36,372	32,513	23,778	23,207	26,432	29,325	27,881	28,528
Motor Fuel tax	621,321	633,435	633,393	620,034	643,554	669,559	605,850	585,839	546,033	532,462
Payment in lieu of taxes	75,000	75,459	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-
Host Community fees	16,082,578	14,104,136	13,079,521	11,529,130	11,057,346	9,749,608	7,773,222	8,209,904	8,974,871	11,550,853
Licenses and permits	816,356	797,257	749,112	737,645	651,484	630,848	599,457	899,336	871,825	808,953
Fines and forfeits	200,345	186,362	162,229	204,078	202,820	210,517	218,614	225,914	265,215	259,842
Investment earnings	37,431	288,457	1,210,431	1,223,805	1,163,901	2,647,141	2,638,452	1,999,581	991,172	428,726
Rents	104,771	98,081	135,933	81,190	166,526	203,081	396,594	406,296	278,778	246,629
Intergovernmental	973,464	1,070,995	1,327,844	1,163,164	761,887	801,925	807,606	951,955	678,711	883,453
Charges for services	1,747,987	1,627,068	1,711,050	1,939,089	2,134,991	2,340,809	2,612,743	2,158,850	2,471,310	2,247,167
Contributions and donations	62,685	33,588	33,035	38,510	47,600	71,989	63,998	73,920	29,316	51,623
Refunds of prior years	34,674	-	30,278	26,646	-	94,471	86,752	56,450	1,994	-
Miscellaneous	-	-	115	1,946	9,428	3,193	178	112,610	136,523	85,402
Total revenue	24,289,924	22,204,618	22,201,891	20,667,206	20,208,523	20,915,351	19,785,446	20,095,438	18,828,679	20,563,353
Expenditures										
Current										
General government	2,389,076	2,283,123	2,091,505	1,992,847	2,470,190	1,740,389	1,838,680	1,702,810	1,690,097	1,708,869
Public safety	14,903,972	13,802,918	13,315,061	13,271,102	11,769,814	11,291,262	10,579,431	10,086,596	9,108,870	8,962,173
Public works - highway and street	3,035,945	2,905,706	2,830,061	2,620,414	2,437,359	2,383,332	2,296,124	1,969,486	1,696,079	1,974,028
Culture and recreation	1,134,638	1,046,577	1,055,873	903,860	884,786	794,497	740,625	634,206	599,702	1,086,594
Miscellaneous	-	-	-	-	-	-	-	-	4,466	4,532
Capital outlay	-	-	-	-	-	-	-	-	-	-
General government	399,969	65,462	185,890	23,241	92,992	120,767	20,791	6,678	44,499	-
Public safety	839,433	277,014	307,440	325,579	296,309	223,162	238,450	313,945	366,052	262,294
Highways and streets	6,888,844	4,303,795	3,932,673	1,823,288	10,142,639	6,304,675	1,382,535	2,472,064	5,388,866	1,037,178
Culture and recreation	1,277,434	758,629	1,554,258	710,658	181,370	826,117	271,719	832,214	387,950	351,980
Debt service principal	-	-	-	-	3,055,000	542,066	47,453	10,392	11,676	-
Debt service interest	-	-	-	-	102,594	121,288	661	1,284	-	-
Total expenditures	30,869,311	25,443,224	25,272,761	21,670,989	31,433,053	24,347,565	17,416,469	18,029,675	19,298,257	15,387,648
Excess of revenues over/(under) expenditures	(6,579,387)	(3,238,606)	(3,070,870)	(1,003,783)	(11,224,530)	(3,432,214)	2,368,977	2,065,763	(469,578)	5,175,705

Fiscal Year

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Other financing sources(uses)										
Transfer in	5,352,064	9,309,500	463,700	12,590,837	10,336,951	7,345,097	26,762,798	4,678,733	4,552,920	5,963,800
Transfer out	(5,427,064)	(9,309,500)	(613,700)	(12,660,837)	(10,336,951)	(7,356,310)	(5,624,530)	(4,690,009)	(4,525,196)	(5,890,076)
Refunds of bonds payable	-	-	-	-	-	-	3,093,068	-	-	-
Refunds of prior year	-	-	-	-	-	-	102,686	-	33,083	(23,878)
Capital lease obligation	-	-	-	-	-	930	15,244	1,335	351,050	18,379
Sale of capital assets	39,426	10,861	13,770	823	3,274	930	15,244	1,335	351,050	18,379
Total other financing sources(uses)	(35,574)	10,861	(136,230)	(69,177)	3,274	(10,263)	24,349,266	(9,841)	411,857	68,225
Net change in fund balance	\$ (6,614,961)	\$ (3,227,745)	\$ (3,207,100)	\$ (1,072,960)	\$ (11,221,256)	\$ (3,442,497)	\$ 26,718,243	\$ 2,055,822	\$ (57,721)	\$ 5,243,930

Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%	15.24%	3.93%	0.31%	0.08%	0.09%	0.00%
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Source: Falls Township records

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

Year ending December 31,	Property	Local Services	Emergency Municipal Services	Occupational Privilege	Real Estate Transfer	Mechanical Device	Total
2004	\$ 2,523,300	\$ -	\$ -	\$ 180,397	\$ 736,018	\$ 28,528	\$ 3,468,243
2005	2,478,146	-	210,960	-	790,944	27,881	3,507,931
2006	2,523,820	-	509,277	-	1,277,361	29,325	4,339,783
2007	2,480,393	-	623,804	-	776,351	26,432	3,906,980
2008	2,315,362	389,125	-	-	686,834	23,207	3,414,528
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

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 ^(c)	Falls Twp Municipal Millage Rate
2004	\$ 92,198,995	\$ 11,652,730	\$ 80,546,265	\$ 3,292,821,250	2.80%	30.90
2005 ^(b)	372,380,460	56,738,040	315,642,420	3,761,418,788	9.90%	7.72
2006	375,312,350	54,595,170	320,717,180	4,124,311,538	9.10%	7.72
2007	377,048,910	57,615,300	319,433,610	4,011,158,617	9.40%	7.72
2008	377,657,160	58,205,330	319,451,830	3,893,372,784	9.70%	7.22
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

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) 2005 is the first year to reflect Bucks County's change in the ratio of assessed value to fair market value (from 25% to 100%).

^(c) 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>	
2004	30.90	0.00	30.90	74.50	481.00	586.40
2005	7.72	0.00	7.72	20.49	128.60	156.81
2006	7.72	0.00	7.72	21.94	134.70	164.36
2007	7.72	0.00	7.72	21.94	139.40	169.06
2008	7.22	0.00	7.22	21.94	145.00	174.16
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

(a) Information supplied by Falls Township Tax Collector

Note: on 1/1/05 the Bucks County Commissioners made a predetermined ratio change due to millage rates in various townships at the millage limit

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

Taxpayer	Type of Business	2013			2004		
		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	1.98%	\$ 1,588,970	2	1.95%
Healey, Robert T. & William J.	Apartment	4,974,720	2	1.56%	1,243,680	3	1.54%
Pennwood Assoc. Ltd. Partnership	Mobile Home Park	4,579,320	3	1.44%	950,580	6	1.17%
National Property Investments	Apartment	4,320,000	4	1.36%	1,080,000	5	1.32%
WMI Properties	Industrial	4,001,400	5	1.26%	1,882,840	1	2.31%
K-Mart Corporation	Industrial	3,108,000	6	0.98%	947,100	8	1.16%
Bucks County Economic Development Corp.	Development	2,863,550	7	0.90%			
Wheelabrator Falls Inc.	Industrial	2,616,770	8	0.82%	920,000	7	1.86%
N S 200 Cabot PA LLC (General Motors Tax Staff)	Industrial	2,070,490	9	0.65%			
Penn Lake Realty Associates	Realty	1,773,600	10	0.56%	443,400	9	0.54%
United States Steel	Industrial				1,207,970	4	1.50%
JCPenney Properties, Inc.	Warehouse				330,850	10	0.41%
Totals		\$ 36,621,890		11.51%	\$ 10,595,390		13.76%

(a) Total Assessed Valuation equal to \$ 318,178,960

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>
2004	\$ 2,557,921	\$ 2,433,877	95.15%	\$ 123,970	\$ 2,557,847	99.997%
2005	2,556,266	2,383,329	93.23%	172,863	2,556,192	99.997%
2006	2,556,269	2,434,614	95.24%	121,554	2,556,168	99.996%
2007	2,556,271	2,409,921	94.27%	146,207	2,556,128	99.994%
2008	2,336,093	2,254,217	96.50%	81,696	2,335,913	99.992%
2009	2,335,472	2,283,391	97.77%	50,534	2,333,925	99.934%
2010	2,305,916	2,215,102	96.06%	88,894	2,303,996	99.917%
2011	2,298,820	2,213,694	96.30%	82,373	2,296,067	99.880%
2012	2,293,161	2,203,440	96.09%	60,383	2,263,823	98.721%
2013	2,297,252	2,243,219	97.65%	-	2,243,219	97.648%

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				
2004	-	-	\$ 5,030,000	-	\$ 5,030,000	1.07%	-	503
2005	-	-	4,555,000	-	4,555,000	1.23%	-	456
2006	-	-	4,065,000	-	4,065,000	1.43%	-	407
2007	\$ 3,565,000	-	-	-	3,565,000	1.68%	106	-
2008	3,055,000	-	-	-	3,055,000	2.03%	91	-
2009	-	-	-	-	-	0.00%	-	-
2010	-	-	-	-	-	0.00%	-	-
2011	-	-	-	-	-	0.00%	-	-
2012	-	-	-	-	-	0.00%	-	-
2013	-	-	-	-	-	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 (b)</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>
2004	34,064	\$ 79,929,575	\$ 5,030,000	\$ 5,030,000	0.00	0.000	0
2005	33,982	324,841,420	4,555,000	4,555,000	0.00	0.000	0
2006	33,915	320,717,180	4,065,000	4,065,000	0.00	0.000	0
2007	33,769	319,433,610	3,565,000	-	3,565,000	0.011	106
2008	33,579	319,451,830	3,055,000	-	3,055,000	0.010	91
2009	34,865	319,378,910	-	-	0.00	0.000	0
2010	34,300	319,403,310	-	-	0.00	0.000	0
2011	33,522	318,396,180	-	-	0.00	0.000	0
2012	34,300	317,612,260	-	-	0.00	0.000	0
2013	34,300	318,178,960	-	-	0.00	0.000	0

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

(b) On 1/1/05 the Bucks County Commissioners made a predetermined ratio change due to millage rates in various townships at their millage limit

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, 2013

<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)	154,216,535	35.70%	55,055,303
Bucks County (c)	<u>316,460,000</u>	3.94%	<u>12,468,524</u>
 Total - Overlapping Debt	 \$ 470,676,535		 \$ 67,523,827

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 58,961,672	\$ 51,937,905	\$ 46,377,600	\$ 45,679,860	\$ 47,310,563	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417
Total Net Debt applicable to limit	-	-	-	3,565,000	3,055,000	-	-	-	-	-
Legal Debt Margin	\$ 58,961,672	\$ 51,937,905	\$ 46,377,600	\$ 42,114,860	\$ 44,255,563	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	8%	6%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Year 2013

Borrowing Base Revenues: (a)	
2011	20,388,666
2012	20,657,972
2013	22,859,962
	<u>\$ 63,906,500</u>
Average Borrowing Base Revenues:	\$ 21,302,167
Debt Limit Percentage	X
Debt Limit	\$ 53,255,417
Less: Total Amount Of Debt Applicable to Debt Limit (b)	-
Legal Debt Margin	\$ 53,255,417

(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.

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>
2004	\$ 5,467,423	\$ 5,364,026	\$ 103,397.0	\$ 422,094.6	0.24
2005	6,372,501	5,095,035	1,277,466	628,769	2.03
2006	6,642,825	5,117,872	1,524,953	628,519	2.43
2007	612,592	337,432	275,160	629,719	0.44
2008	-	-	-	625,344	0.00
2009	-	-	-	-	0.00
2010	-	-	-	-	0.00
2011	-	-	-	-	0.00
2012	-	-	-	-	0.00
2013	-	-	-	-	0.00

(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>
2004	34,064	N/A	11,529	55	0.48%	4.5%
2005	33,982	N/A	11,631	28	0.24%	4.6%
2006	33,915	N/A	11,291	38	0.34%	4.2%
2007	33,769	N/A	11,584	31	0.27%	3.6%
2008	33,579	N/A	11,660	30	0.26%	4.0%
2009	34,865	N/A	11,423	35	0.31%	7.4%
2010	34,300	N/A	11,362	38	0.33%	7.2%
2011	33,522	N/A	10,967	32	0.29%	7.5%
2012	34,300	N/A	10,605	30	0.28%	6.6%
2013	34,300	N/A	10,673	30	0.28%	5.8%

Data Sources:

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

(b) Pennsbury School District, as of 6/30/13

(c) Bucks County Planning Commission, State of Pennsylvania

N/A Data not available

TOWNSHIP OF FALLS
Principal Employers
Current Year and Nine Years Ago

Employer	Description	2013			2004		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Pennsbury School District	Public Education	977	1	3.65%	1,190	1	5.09%
Aria Health - Bucks County Campus	Hospital	961	2	3.59%	1,110	2	4.74%
Eckerd/Rite Aid	Retail Store	495	3	1.85%	650	3	2.78%
Kmart Distribution Center	Warehouse Distribution	384	4	1.43%	530	4	2.27%
Peruzzi	Auto Sales	204	5	0.76%	280	10	1.20%
Home Depot	Retail Store	196	6	0.73%	293	8	1.25%
Univar	Chemicals	156	7	0.58%			
Waste Management	Waste Collector	154	8	0.57%			
Best Buy	Retail Store	149	9	0.56%	311	7	1.33%
Giant Food	Food Store	146	10	0.54%			
Sheraton Bucks County	Hotel				320	6	1.37%
Walmart	Retail Store				509	5	2.18%
General Motors	Automobiles				288	9	1.23%
Total		3,822		14.26%	5,481		23.43%

Source: Respective Companies and Township Records

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	11	11	11	11	13	16	16	16	16	16
Public Safety										
Police										
Officers	52	52	52	51	52	53	52	53	51	51
Civilians	7	7	7	7	7	7	7	7	7	7
Fire										
Civilians	3	3	3	3	3	4	4	4	4	4
Highway and Streets										
Maintenance	12	13	13	14	15	15	15	16	16	16
Sanitation										
Culture and Recreation	2	2	2	2	2	3	3	3	3	3
Water	4	4	4	0	0	0	0	0	0	0
Sewer	4	4	4	0	0	0	0	0	0	0
Totals	95	96	96	88	92	98	97	99	97	97

Sources: Township documents

FALLS TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Criminal Arrests	1,769	1,746	1,449	1,365	1,420	1,277	1,058	1,334	942	861
Parking Violations	374	564	432	381	211	167	296	107	125	192
Traffic Violations	3,043	2,703	2,544	2,340	2,080	2,012	2,076	1,283	1,403	1,413
Animal Control Investigations	256	293	317	333	300	326	341	326	272	272
Fire										
Number of calls answered	1,612	1,628	1,572	1,619	1,653	1,497	1,584	1,518	1,494	1,416
License and Inspection										
Business Licenses	1,781	1,836	1,640	1,611	1,572	1,450	1,360	1,384	1,481	1,363
Building Permits	1,825	1,550	1,801	1,753	909	593	737	747	564	645
Electrical Permits	3,522	3,362	2,987	2,778	763	477	332	331	430	445
Highways and Streets										
Road Reconstruction (lineal feet)	10,300	6,000	2,500	5,925	10,900	20,172	6,450	6,848	11,939	11,596
Culture and Recreation										
Community Park Watercraft Permits	143	144	140	134	177	210	180	N/A	N/A	N/A
Community Park Pavillion Rentals	97	109	105	83	110	94	100	99	103	87
Water										
Water Permits	121	3	15	-	-	-	-	-	-	-
Sewer										
Sewer Permits	166	3	69	-	-	-	-	-	-	-

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	46	46	46	49	50	51	53	55	55	60
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	85.88	85.88	86.25	86.25	86.75	86.75	86.75	86.75	86.75	86.75
Streetlights - R	2,455	2,455	2,462	2,465	2,465	2,465	2,465	2,465	2,465	2,465
Streetlights - H	83	83	83	83	83	83	83	83	83	83
Traffic Signals	N/A	N/A	N/A	33	34	34	34	34	34	34
Culture and Recreation										
Parks Acreage	426.74	413.11	413.11	413.11	413.11	413.11	413.11	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	3,605	6,389	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290
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, 2013

<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	389280342	1/1/2013	1/1/2014	Workers Compensation	\$1M/\$1M/\$1M	\$ -	\$ 449,623	
Fidelity & Deposit	POB08877912	3/1/2013	3/1/2014	Public Official Bond for Manager	\$ 2,000,000	\$ -	\$ 2,919	
	POB08927696	5/1/2013	5/1/2014	Public Official Bond for Finance Dir	2,000,000	-	2,919	
	POB09107657	1/1/2013	1/1/2014	Public Official Bond for Sec/Treas	2,000,000	-	2,919	
Charis Insurance Company	SRG9710411	1/11/2013	1/11/2014	Volunteer Accident for Vol Fire Cos.	\$ 250,000	\$ -	\$ 2,109	
	SRG9493148	10/17/2013	10/17/2014	Volunteer Accident for Rescue Squad	250,000	-	600	
Travelers Indemnity Company	630-3022R17A	6/18/2013	6/18/2014	Property	18,831,455	\$ 1,000	\$ 37,412	
	630-3022R17A			Contractors Equipment	1,054,198	1,000	2,193	
	630-3022R17A			EDP	945,708	1,000	Included	
	ZLP14R94416			General Liability	2,000,000	-	26,038	
	ZLP14R94416			Employee Benefits Liability	3,000,000	1,000	381	
	630-3022R17A			Crime	As Specified	As Specified	377	
	H-810-3031P575			Automobile	1,000,000	1,000	116,791	
	ZUP14R94428			Umbrella	3,000,000	10,000	46,818	
	ZLP14R94416			Employment Practices Liability	2,000,000	15,000	18,512	
	ZLP14R94416			Public Officials Liability	2,000,000	10,000	2,154	
	ZLP14R94416			Law Enforcement Liability	2,000,000	15,000	53,875	
	630-3022R17A			Flood & Surface Water	500,000	50,000	Included	
	630-3022R17A			Earthquake or Volcanic	500,000	50,000	Included	
	630-3022R17A			Boiler & Machinery	Included in Property	1,000	Included	
Markell/Evanston Insurance	11EIL00488	6/18/2013	6/18/2014	Pollution	\$ 500,000	\$ 10,000	\$ 4,025	
Hartford Insurance Company	ETB-116037	12/14/2013	12/14/2014	Police Pension/Act 30	\$ 500,000	\$ -	\$ 9,586	
Total premium							\$	\$ 779,251

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2013

<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) \$208,750 - Median Home Value (in 2008) \$ 888 - Median Rent (in 2008)

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2013

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, 2013

Education: Pennsbury School District
 11 Elementary Schools
 3 Middle Schools
 1 High Schools (East & West Campus)
 10,673 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
	Falls Creek Village	253
	Lakeview Terrace	288
	Newport Village	179
	Rock Spring	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, 2013

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 Trenton Times (Trenton, NJ)
The Trentonian (Trenton, NJ)
The Philadelphia Daily News
The Levittown Leader
The Yardley News

Television:

KYW - Channel 3 - Philadelphia
WPHL - Channel 17 - Philadelphia
WHYY - Channel 12 - Philadelphia
WTFX - 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 Aria Health - Bucks County Campus
1 Assisted Living - Galilee Pavilion

Senior Housing:

Avenrowe - 55 & over Community
Galilee Pavilion - Assisted Living
Galilee Village Estates - Independent Living

Source: Falls Township records