

# Township of Falls County of Bucks, Pennsylvania

“327 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019



Prepared by Jean E. Reukauf  
Finance Director



**TOWNSHIP OF FALLS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended December 31, 2019**

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# **INTRODUCTORY SECTION**

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# Township of Falls

BUCKS COUNTY, PA



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Fairless Hills, PA 19030  
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E-mail: [admin@fallstwp.com](mailto:admin@fallstwp.com)  
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August 31, 2020

## Board of Supervisors

Jeff Boraski  
Jeffrey E. Dence  
Brian M. Galloway  
John Palmer  
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, 2019 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2019, and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared by the Township's Finance Department in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by Major & Mastro, LLC, Certified Public Accountants.

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

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

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

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

## Financial Entity

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

### **General Information**

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

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

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

The Falls Township Police Department is a full-service police agency, providing all police services within our community. The agency embraces the concept of Community Policing and emphasizes problem-oriented policing. They work in partnership with the community, addressing all issues affecting our citizens. The department is also an accredited police department under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission receiving the status in 2003. This accreditation was the first in Bucks County and the twelfth in the Commonwealth of Pennsylvania. The department followed procedures for recertification in November 2019 and was able to retain the accreditation status for an additional three years, until November 2022. The Chief of Police and three Lieutenants oversee the operations of 51 full time police officers assigned to the Patrol, Detectives and Community Partnership Units and 6 civilian employees ranging from Animal Control to Clerical to Court Liaison. The department also has a fleet of 45 police vehicles.

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

The Pennsbury School District administrative offices are located within Falls Township. Pennsbury High School campus, east and west, and six grade schools serve the community with an approximate enrollment of 9,990. 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. 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. Most recently, the department launched a very successful Food Bank Program collecting non-perishable, non-expired food and toiletries for donation to our area food banks serving local, less fortunate families. Donations can be dropped off or non-contact pickup can be arranged by emailing [Fallsfoodbank@fallstwp.com](mailto:Fallsfoodbank@fallstwp.com). The Fire Marshal's department is made up of the fire marshal, three full-time inspectors, and one secretary.

Falls Township is served by three volunteer Fire Companies – Falls Fire Company, Levittown Fire Company, and Fairless Hills Fire Company. The Township is also served by two Rescue Squads – Levittown Fairless Hills Rescue Squad and Capital Health EMS. These agencies provide professional emergency services to Falls Township twenty-four hours a day, 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 2019) 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. In total, approximately one hundred individuals volunteer for the three Fire Companies and about twenty volunteer at the Rescue Squads.

The Falls Township Parks and Recreation Department is responsible for the overall supervision of nineteen parks, facilities, and open space areas. Falls Township's parks 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; a fishing pier at the Community Park lake; a boat ramp located in Quaker Penn Park, which provides area boaters access to the Delaware River; and, a maintenance-fee compost toilet facility in Quaker Penn Park benefitting users of the park's Babe Ruth baseball field and playground equipment. These parks, facilities, and open space areas are maintained by the Township's Public Works department and patrolled by the Park Security staff. The Parks and Recreation Department also provides year-round programs and activities for our residents and non-residents as well.

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

#### **Economic Conditions and Outlook**

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



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

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

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

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, a fifteen-year tax abatement was granted through 2019 to make the former mill site more attractive to businesses opting to relocate into Falls Township. In return, there is capital investment and job creation in Falls Township and, as of 2020, those businesses are now on the tax rolls. 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, Airgas USA, Sika Corporation, Dominion Power, Toll Brothers, Morton Salt, Kinder Morgan, Exelon, A.L. Patterson, Abington Reldon, Hiossen, Mount Materials, Four Seasons Trucking, GMA Garnet, U.S. Steel Galvanizing, Kelly Pipe, Covanta, Fox Railroad Construction, Mazza Iron & Steel, Resource Recycling Management, LLC, and MM Metals USA, LLC.

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, 2019, the Township is legally able to borrow over \$77.5 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, 2019, the Township had approximately \$35,000,000 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.

### **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 31<sup>st</sup> 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 15<sup>th</sup> 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 2019, 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 2019 marks the seventeenth 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 2019, the Township planned for the full depth reconstruction of Fletcher Drive, Rice Drive, and Lions Drive and the mill and overlay of Goble Court. Full depth reconstruction historically has consisted of new curbs, driveway aprons, various sidewalks, storm sewer pipes and the roadway itself. The Township is nearing completion of its goal, begun in the early 1990's, of the reconstruction of all Township-owned roadways. The Township anticipates completion of its road program within the next three years.

### **Other Information**

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2019 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, 2019.

**Certificate of Achievement**

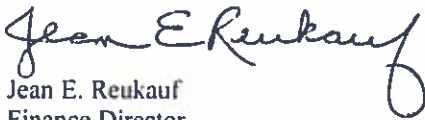
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Falls for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This was the twenty-first consecutive year that the Township has received this prestigious award. 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 2019 Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Members of the Administration, Code Enforcement, Zoning, Fire Marshal, Parks and Recreation, Public Works, and Police departments who assisted and contributed to the preparation of this report have my sincere appreciation for their contributions. Due credit should be given as well to the Board of Supervisors for their interest, support and leadership in planning and conducting the operations of the Township in a responsible and progressive manner. Without their support, the preparation of this report would not have been possible.

Respectfully Submitted,



Jean E. Reukauf  
Finance Director  
August 31, 2020



Government Finance Officers Association

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

Presented to

**Township of Falls  
Pennsylvania**

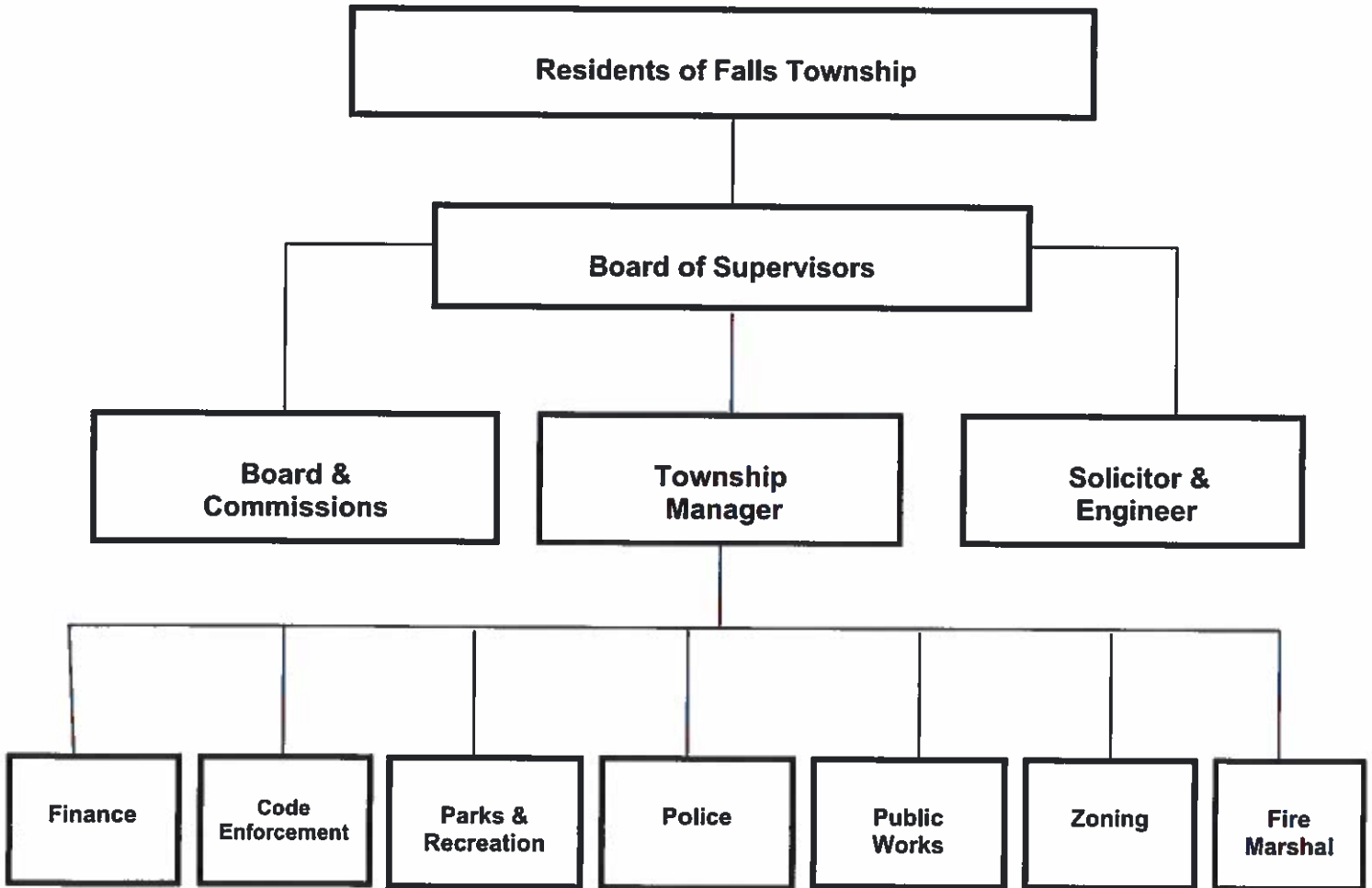
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

**Falls Township  
Organizational Chart**



**Appointed Citizen Advisory Boards and Commissions**

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



**2019 BOARD OF SUPERVISORS**

**Robert J. Harvie, Jr., Chairperson**

**Jeffrey E. Dence, Vice Chairperson**

**Jeffrey Rocco, Secretary/Treasurer**

**Brian M. Galloway, Member**

**Jeff Boraski, Member**

**CURRENT EXECUTIVE OFFICIALS**

**Matthew Takita, AIA, MCP, Township Manager/CCEO/Zoning Officer**

**Michael P. Clarke, Esq., Township Solicitor**

**Joseph G. Jones, PE, CFM, Township Engineer**

**William Wilcox, Police Chief**

**Jean E. Reukauf, Finance Director**

**Richard Dippolito, CFEI, CVFI, Emergency Services Director/Fire Marshal**

**Jason R. Lawson, Public Works Director**

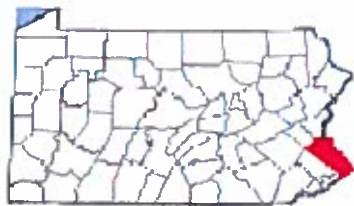
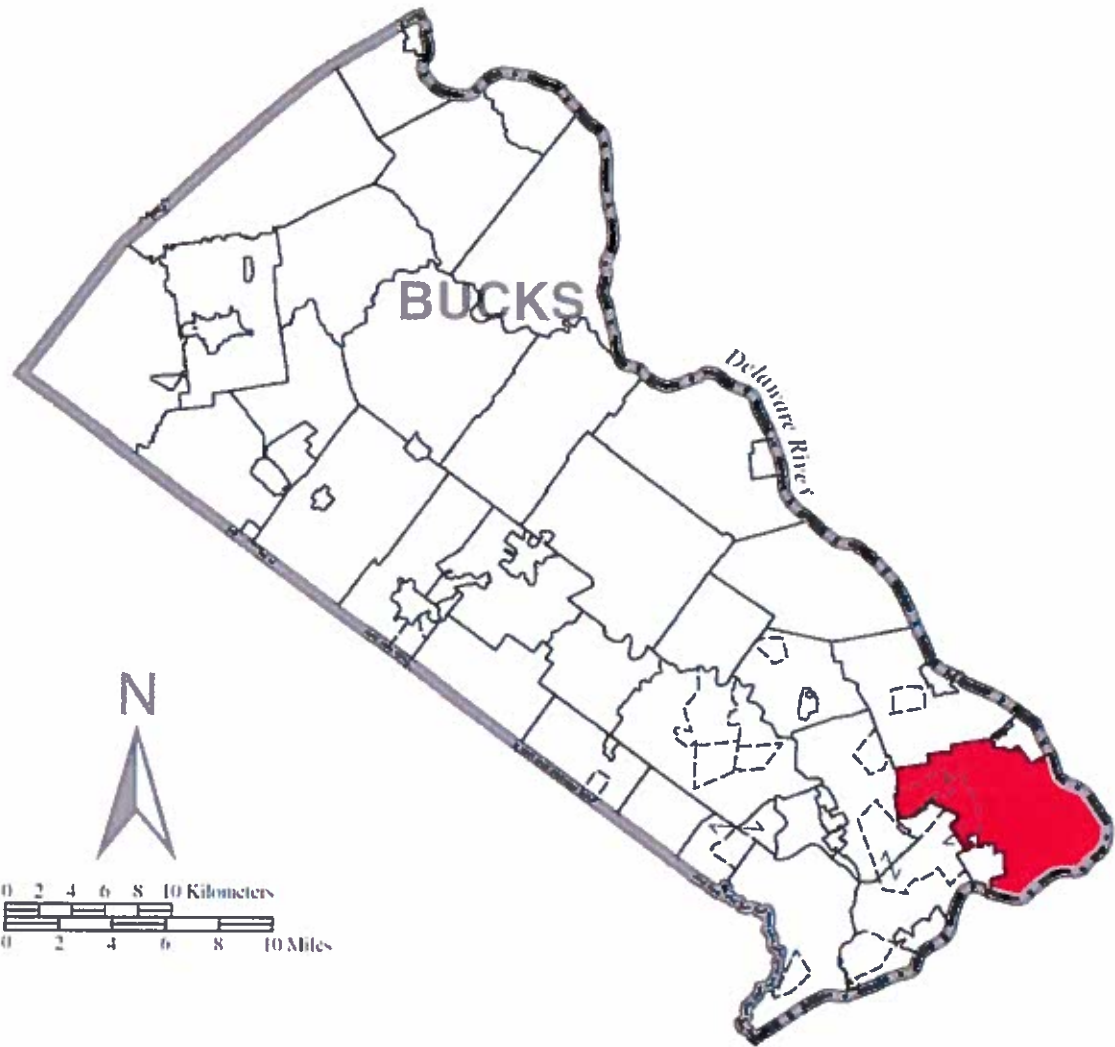
**Brian Andrews, Parks & Recreation Director**

**Todd Pletnick, Police Lieutenant**

**Henry Ward, Police Lieutenant**

**Nelson Whitney, Police Lieutenant**

**TOWNSHIP OF FALLS  
BUCKS COUNTY, PENNSYLVANIA**



# FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in plan's net pension liability and related ratios – pension plans, schedules of employer contributions – pension plans, schedule of investment returns – pension plans, and schedule of changes in plan's net OPEB liability - other post-employment benefits on pages 19 through 30 and pages 76 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWNSHIP OF FALLS' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, capital asset schedules and the budgetary comparison schedules are the responsibility of management and were

derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, capital asset schedules and the budgetary comparison schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Report on Summarized Comparative Information*

The prior year summarized comparative information has been derived from the Township's 2018 financial statements and, in our report dated August 27, 2019, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

August 28, 2020

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, 2019**

**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, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of Falls Township exceeded its liabilities by \$115,407,443 and \$108,656,081 at the close of the years ended December 31, 2019 and 2018, respectively. Of the 2019 amount, \$25,248,813 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2018, \$17,330,969 was available for that purpose.

The Township's governmental net position increased by a total of \$6,710,856 during 2019. This increase in net position is primarily due to a rise in the Township's cash reserves. The influx of cash to the Township is due to the opening of the Fairless Landfill, a new municipal waste landfill, constructed on a brownfield site at the Keystone Industrial Port Complex (KIPC) in late 2016.

As of the end of 2019, Falls Township's governmental funds reported combined ending fund balances of \$53,941,646. As a comparison, at the end of 2018, the balance was \$48,440,157, an increase of \$5,501,489.

Business-type activities' net position increased by \$40,506 from \$(733) in 2018 to \$39,773 in 2019. The reason for this increase is an interfund transfer to offset operating costs at the Township's Pinewood Pool.

At the end of the 2019, the unassigned fund balance for the general fund was \$40,484,753 or 161% of the total general fund expenditures.

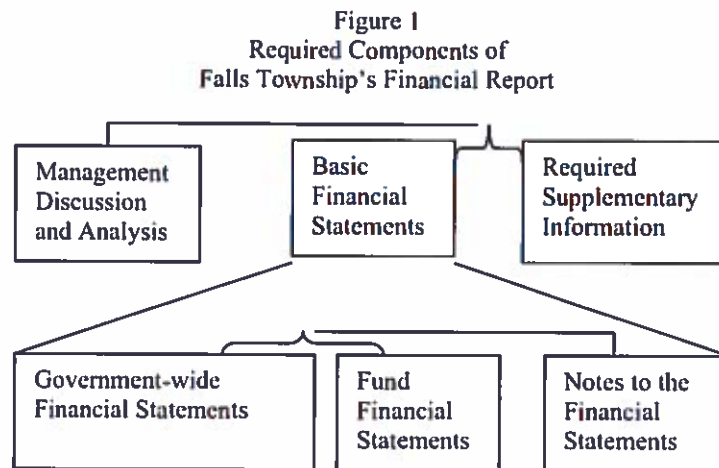
**OVERVIEW OF THE FINANCIAL STATEMENTS**

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.



#### **Government-wide financial statements**

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

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

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

Both government-wide financial statements distinguish functions of Falls Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Falls Township include general government, public safety, highways and culture and recreation. The business-type activities of the Township of Falls include the ongoing operation of a recreational pool.

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

### **Fund financial statements**

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

#### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

#### **Proprietary Funds**

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

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

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

#### **Fiduciary Funds**

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

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

**Notes to the Financial Statements**

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

The notes to the financial statements can be found on pages 44-73 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 76-82 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and non-major governmental fund budget comparison schedules can be found on pages 85-100 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. For Falls Township, assets and deferred outflows of resources exceed liabilities by \$115,407,443 and \$108,656,081 at the close of the years ended December 31, 2019 and 2018, respectively.

The following table provides a summary of the Township's net position on December 31, 2019 compared to the prior year's figures:

**FALLS TOWNSHIP  
NET POSITION**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 56,502,032	\$ 51,080,018	\$ -	\$ -	\$ 56,502,032	\$ 51,080,018
Capital assets	87,863,974	89,222,686	162,700	164,673	88,026,674	89,387,359
Total Assets	<u>\$ 144,366,006</u>	<u>\$ 140,302,704</u>	<u>\$ 162,700</u>	<u>\$ 164,673</u>	<u>\$ 144,528,706</u>	<u>\$ 140,467,377</u>
Deferred Outflows of Resources	<u>\$ 2,735,171</u>	<u>\$ 3,589,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,735,171</u>	<u>\$ 3,589,901</u>
Long-term liabilities outstanding	\$ 27,935,149	\$ 32,375,218	\$ -	\$ -	\$ 27,935,149	\$ 32,375,218
Other liabilities	2,442,693	2,551,410	122,927	165,406	2,565,620	2,716,816
Total Liabilities	<u>\$ 30,377,842</u>	<u>\$ 34,926,628</u>	<u>\$ 122,927</u>	<u>\$ 165,406</u>	<u>\$ 30,500,769</u>	<u>\$ 35,092,034</u>
Deferred Inflows of Resources	<u>\$ 1,355,665</u>	<u>\$ 309,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,355,665</u>	<u>\$ 309,163</u>
Net Position:						
Net Investment in capital assets	\$ 87,863,974	\$ 89,222,686	\$ 162,700	\$ 164,673	\$ 88,026,674	\$ 89,387,359
Restricted	2,131,956	1,937,753	-	-	2,131,956	1,937,753
Unrestricted	25,371,740	17,496,375	(122,927)	(165,406)	25,248,813	17,330,969
Total Net Position	<u>\$ 115,367,670</u>	<u>\$ 108,656,814</u>	<u>\$ 39,773</u>	<u>\$ (733)</u>	<u>\$ 115,407,443</u>	<u>\$ 108,656,081</u>

The largest portion of Falls Township's net position, 76.3%, reflects its investment in capital assets (land, building, machinery, equipment, open space, and roads/road improvements). Falls Township uses these capital assets to provide services to the citizens and, therefore, these assets are not available for future spending. Note that all capital assets reported have no outstanding debt on their initial purchases.

A very small portion of Falls Township's net position, 1.85%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$25,248,813, may be used to meet the government's ongoing obligations to citizens and creditors of the Township.

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

## **CHANGES IN NET POSITION**

### **Governmental activities**

Governmental activities increased Falls Township's net position by \$6,710,856 for the year ended December 31, 2019, adding to the increase of \$4,481,683 for the year ended December 31, 2018. The recovery of cash reserves in 2018 and 2019 is due to increased revenue from tipping fees received from Waste Management landfill operations. Fiscal year 2017 was the first full year of operations of the Fairless Landfill, a new municipal waste landfill, consisting of 330.5 acres of permit area, of which 197 acres are for waste disposal. Falls Township is committed to maintaining high quality services and recreation facilities for its residents without increasing real estate taxes or charging exorbitant user fees. The Township has been able to expend cash reserves when needed to meet rising costs without burdening our residents.

### **Business-type activities**

Business-type activities increased Falls Township's net position by \$40,506 for the year ended December 31, 2019 offsetting the decrease in net position by \$34,468 in the prior year. These activities represent ongoing operations at the Pinewood Pool for 2019.

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.

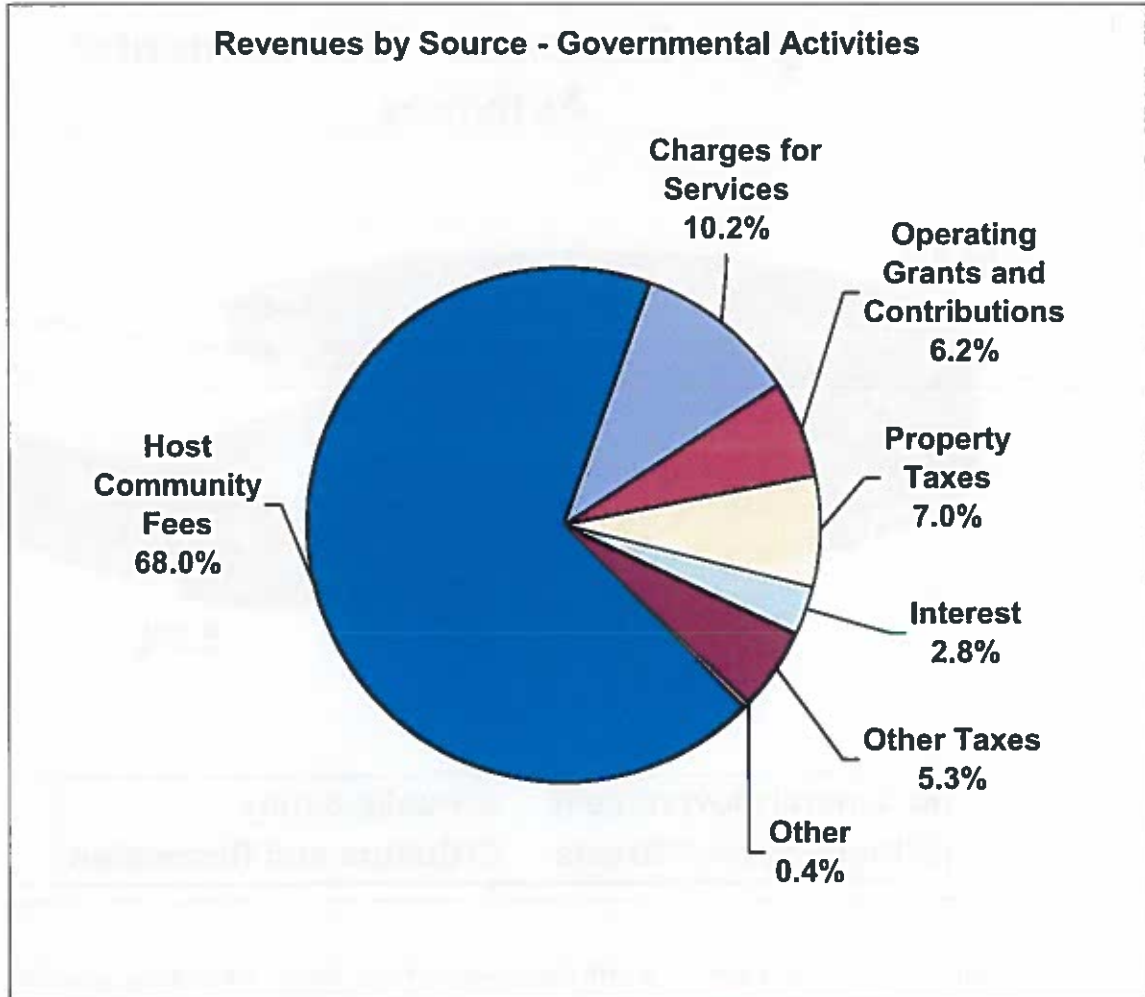
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2019 compared to the prior year's figures.

**FALLS TOWNSHIP  
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 3,481,336	\$ 3,027,427	\$ 198,714	\$ 185,525	\$ 3,680,050	\$ 3,212,952
Operating Grants and Contributions	2,115,820	2,257,924	-	-	2,115,820	2,257,924
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,372,703	2,285,129	-	-	2,372,703	2,285,129
Other taxes	1,816,254	1,604,077	-	-	1,816,254	1,604,077
Host Community Fees	23,098,151	24,172,523	-	-	23,098,151	24,172,523
Other	1,093,225	689,064	50,000	16	1,143,225	689,080
Total Revenues	<u>33,977,489</u>	<u>34,036,144</u>	<u>248,714</u>	<u>185,541</u>	<u>34,226,203</u>	<u>34,221,685</u>
<b>EXPENSES:</b>						
General Government	3,249,482	2,873,517			3,249,482	2,873,517
Public Safety	16,036,113	18,673,866			16,036,113	18,673,866
Highway and Streets	6,523,490	6,304,948			6,523,490	6,304,948
Culture and Recreation	1,457,548	1,702,130			1,457,548	1,702,130
Pinewood Pool	-	-	208,208	220,009	208,208	220,009
Total Expenses	<u>27,266,633</u>	<u>29,554,461</u>	<u>208,208</u>	<u>220,009</u>	<u>27,474,841</u>	<u>29,774,470</u>
Change in net position before transfers	6,710,856	4,481,683	40,506	(34,468)	6,751,362	4,447,215
Transfers	-	-	-	-	-	-
Change in Net Position	<u>6,710,856</u>	<u>4,481,683</u>	<u>40,506</u>	<u>(34,468)</u>	<u>6,751,362</u>	<u>4,447,215</u>
Net Position, Beginning	108,656,814	104,175,131	(733)	33,735	108,656,081	104,208,866
Net Position, Ending	<u>\$ 115,367,670</u>	<u>\$ 108,656,814</u>	<u>\$ 39,773</u>	<u>\$ (733)</u>	<u>\$ 115,407,443</u>	<u>\$ 108,656,081</u>

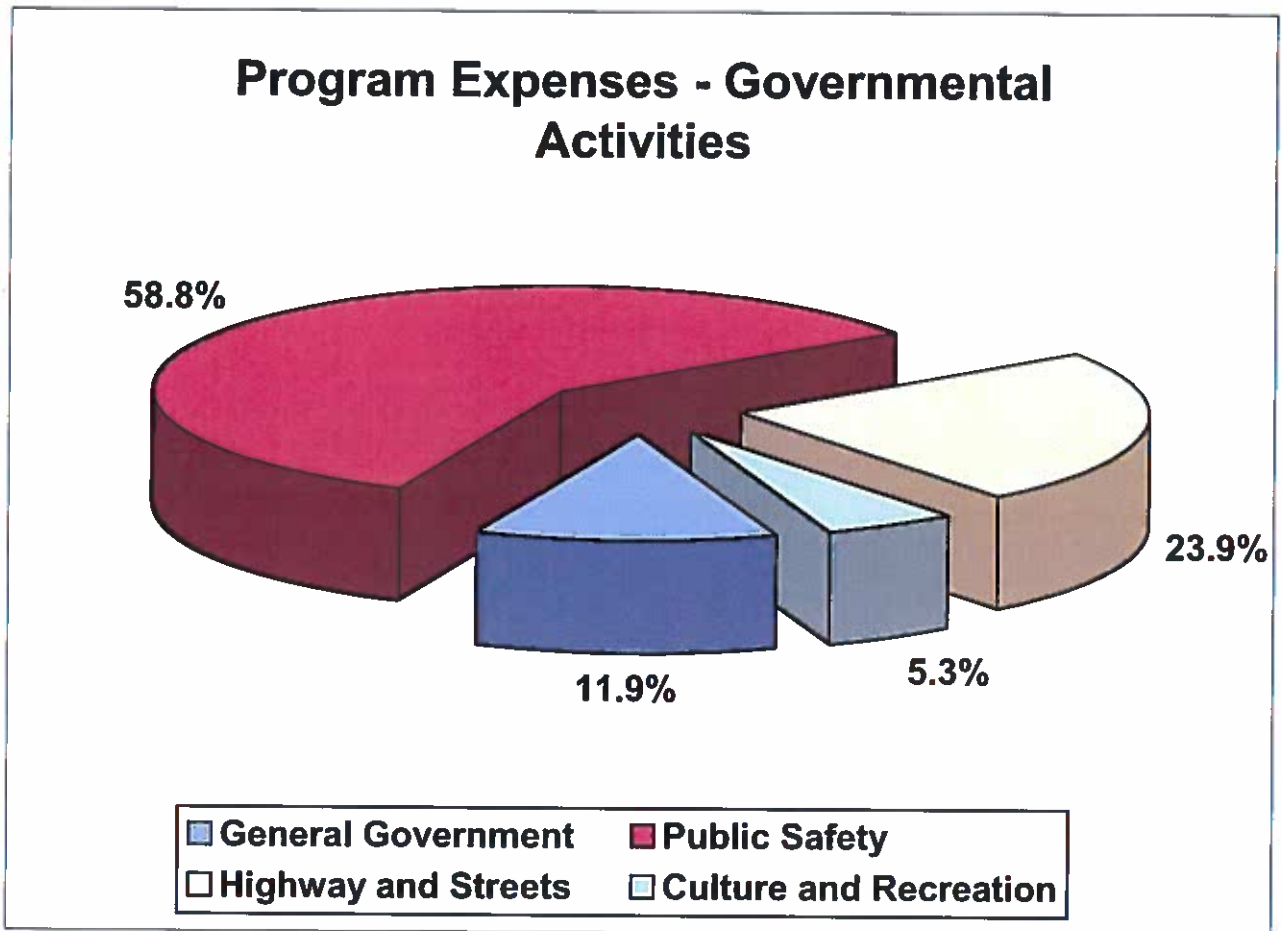
**Governmental Activities**

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2019:



Of the total Government-wide revenues of \$33,977,489, \$23,098,151 were Host Community Fees or “tipping” fees received from Waste Management for the landfill and incinerator operations. Also contributing to the Township’s revenue stream were Charges for Services with revenues of \$3,481,336 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,372,703, Other Taxes brought in \$1,816,254, Operating Grants and Contributions added \$2,115,820, Interest Earnings netted \$951,214, and Other (miscellaneous) revenues were \$142,011.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2019:



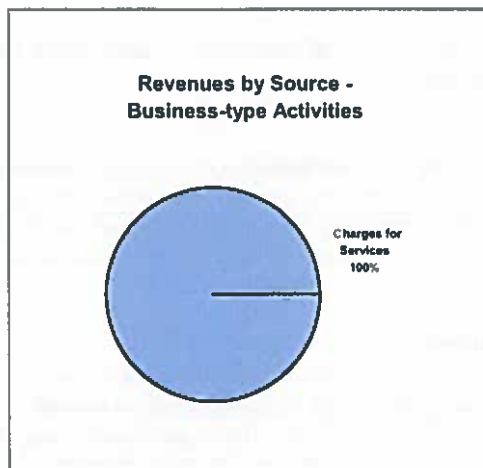
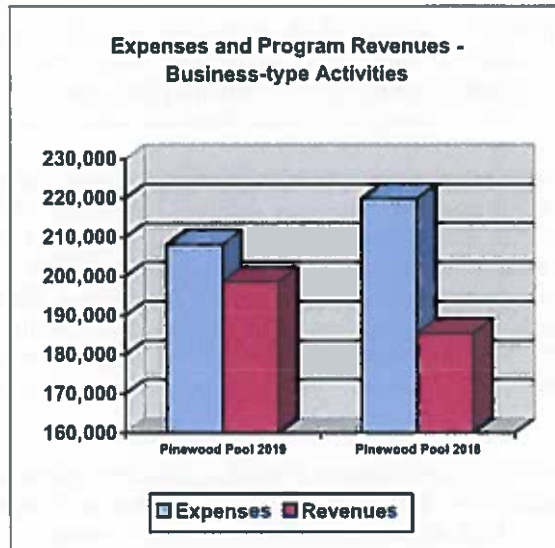
Most of the expenses that occurred in the year 2019 were related to Public Safety. Public Safety expenses were \$16,036,113. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,523,490 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 \$1,457,548 which includes maintenance/upgrades at 19 parks, facilities, and open space areas. General Government expenses were \$3,249,482 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 \$40,506. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$9,494 in 2019. The operating loss was offset by an interfund transfer in the amount of \$50,000 from the township’s Host Community Fees Fund. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2019 was the sixteenth full year of operation for the renovated site. While the continued increases in operating costs still outpace revenues, with more aggressive marketing, a “refer a friend” rebate offer, and added programming at the pool, we are working to close the gap between revenues and expenses through increased memberships and guest attendance.



Charges for services represent 100% of program revenues for the Pinewood Pool. Although the pool is operating at a loss, the Township is closing the gap between revenues and expenses and 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 \$53,941,646 an increase of \$5,501,489 compared to the previous year. Of the combined fund balance total: \$40,483,612 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$10,795,387 is assigned for specific purposes; \$2,132,778 is restricted for particular purposes; and, the remaining \$529,869 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 \$40,484,753 while total fund balance reached \$49,619,069. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$25,143,148. The total fund balance of Falls Township's general fund increased \$5,230,984 during 2019. This is the result of continuing high income from Waste Management for tipping fees at the new Fairless Landfill. Host Community Fees topped \$23 million in 2019. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes.

#### Capital Reserve

The Capital Reserve fund serves to finance various Township purchases and projects. At the end of 2019, the assigned and total fund balance was \$2,176,209. This is an increase in the amount of \$78,276. With no dedicated revenue stream in this fund, annual expenditures are closely monitored so they do not deplete the remaining fund balance.

### **Proprietary Funds**

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

#### Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2019, the net position was \$39,773. This represents an increase of \$40,506 over the prior year. Expenses continue to outpace revenues at the community pool necessitating an interfund transfer of \$50,000 in 2019 to offset operating losses. 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 \$1,867,759 for 2019. The largest contributing factors were Interest Earnings coming in over budget by \$638,010 and Charges for Services exceeding the budget by \$584,722. Total expenditures for the year were under budget by a total of \$4,982,228. The greatest savings occurred in expenditures for Capital Outlays with Public Works – Highway and Streets under budget by \$4,150,719. Many of the budgeted projects not completed in 2019 have been carried forward to the 2020 budget.

## Capital Asset and Debt Administration

### Capital Assets

The Township's investment in capital assets for its governmental and business type activities as of December 31, 2019, amount to \$88,026,674 (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 2019 included the following:

The purchase of two 2019 Ford F-250XLs with plows and one 2019 Ford F-350XLT 4x4 at a combined cost of \$130,551 for the Public Works Department.

Road improvements for various roads in the Township amounting to \$2,044,000 in construction and engineering costs. And, traffic signal projects were completed for intersection improvement at a cost of \$196,310.

Park improvements included the addition of a maintenance-free composting toilet, pavilion lights, and cameras at Quaker Penn Park totaling \$188,703. Resurfacing of the basketball court at the Falls Township Community Park at a cost of \$11,163.

Capital purchases for the Police Department, including five new vehicles and 36 body armor vests, totaled \$254,332.

### FALLS TOWNSHIP Capital Assets (net of accumulated depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Construction in Progress	746,526	746,526	-	-
Building and System	1,944,862	2,128,872	-	-
Improvements other than Building	1,400,466	1,611,208	-	-
Machinery and Equipment	1,372,277	1,581,464	-	1,973
Infrastructure	65,938,917	66,693,690	-	-
	<u>\$ 87,863,974</u>	<u>\$ 89,222,686</u>	<u>\$ 162,700</u>	<u>\$ 164,673</u>

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

### Debt Administration

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

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

### **Economic Factors and Next Year's Budgets and Rates**

1) Tipping fees received from the landfill located in the Township have been on the rise since 2008, netting \$8.6 million that year and rising to an average of \$13.8 million for fiscal years 2012 through 2015. Fiscal year 2016 brought in over \$14 million, while 2017 saw revenues spike to over \$20 million with the first full year of operation of the Fairless Landfill. This year's operations netted Falls Township over \$23 million in tipping fees and Waste Management has projected that tonnages will remain high estimating Falls Township revenues of just over \$22 million in the coming year.

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

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

All these factors were considered in preparing the Falls Township budget for 2020.

Subsequent to year end, in March 2020, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. As a result, economic uncertainties have arisen that could negatively impact Falls Township's revenues including our host community fees and investment income. The total financial impact is unknown currently. Falls Township will continue to monitor the financial effects of the pandemic as we navigate this economic crisis.

### **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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 34,611,661	\$	\$ 34,611,661
Investments	18,860,838		18,860,838
Taxes receivable	79,838		79,838
Accounts receivable (net of allowance for uncollectibles)	2,417,928		2,417,928
Prepaid assets	531,767		531,767
<b>Total Current Assets</b>	<u>56,502,032</u>		<u>56,502,032</u>
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Construction in progress	746,526		746,526
Buildings and systems	1,944,862		1,944,862
Infrastructure	65,938,917		65,938,917
Improvements other than buildings	1,400,466		1,400,466
Machinery, equipment, and vehicles	1,372,277		1,372,277
<b>Total Capital Assets</b>	<u>87,863,974</u>	<u>162,700</u>	<u>88,026,674</u>
<b>TOTAL ASSETS</b>	<u>144,366,006</u>	<u>162,700</u>	<u>144,528,706</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to police pension	1,772,917		1,772,917
Deferred amounts related to nonuniform pension	293,212		293,212
Deferred amounts related to other post-employment benefits	669,042		669,042
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,735,171</u>		<u>2,735,171</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	622,691	483	623,174
Accrued salaries and benefits	240,554	694	241,248
Unearned revenue	191,683		191,683
Deposits	828,017		828,017
Internal balances	(121,750)	121,750	-
Portion due or payable within one year			
Compensated absences	681,498		681,498
<b>Total Current Liabilities</b>	<u>2,442,693</u>	<u>122,927</u>	<u>2,565,620</u>
Long-term Liabilities:			
Portion due or payable after one year			
Compensated absences	1,282,337		1,282,337
Net police pension liability	17,458,591		17,458,591
Net nonuniform pension liability	168,654		168,654
Other post-employment benefits	9,025,567		9,025,567
<b>Total Long-term Liabilities</b>	<u>27,935,149</u>		<u>27,935,149</u>
<b>TOTAL LIABILITIES</b>	<u>30,377,842</u>	<u>122,927</u>	<u>30,500,769</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to police pension	1,206,200		1,206,200
Deferred amounts related to nonuniform pension	140,108		140,108
Deferred amounts related to other post-employment benefits	9,357		9,357
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,355,665</u>		<u>1,355,665</u>
<b>NET POSITION</b>			
Investment in capital assets	87,863,974	162,700	88,026,674
Restricted for:			
Recycling expenditures	454,796		454,796
Parks and recreation	191,871		191,871
Rescue squad	19,072		19,072
Crime prevention	118,959		118,959
Fire hydrant	105,256		105,256
Highway aid	1,001,128		1,001,128
Street lighting	240,874		240,874
Unrestricted	25,371,740	(122,927)	25,248,813
<b>TOTAL NET POSITION</b>	<u>\$ 115,367,670</u>	<u>\$ 39,773</u>	<u>\$ 115,407,443</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 3,249,482	\$ 1,189,498	\$ 883,379	\$	\$ (1,176,605)	\$	\$ (1,176,605)
Public safety	16,036,113	2,016,786	257,363		(13,761,964)		(13,761,964)
Public works - highways and streets	6,523,490	58,116	971,833		(5,493,541)		(5,493,541)
Culture and recreation	1,457,548	216,936	3,245		(1,237,367)		(1,237,367)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>27,266,633</b>	<b>3,481,336</b>	<b>2,115,820</b>		<b>(21,669,477)</b>		<b>(21,669,477)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Pinewood Pool	208,208	198,714			(9,494)		(9,494)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>208,208</b>	<b>198,714</b>			<b>(9,494)</b>		<b>(9,494)</b>
<b>TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 27,474,841</b>	<b>\$ 3,680,050</b>	<b>\$ 2,115,820</b>	<b>\$</b>	<b>(21,669,477)</b>	<b>(9,494)</b>	<b>(21,678,971)</b>
<b>GENERAL REVENUES</b>							
Property taxes, levied for general purposes					2,372,703		2,372,703
Real estate transfer taxes					1,105,489		1,105,489
Local services taxes					658,484		658,484
Mechanical device tax					39,161		39,161
Other taxes					13,120		13,120
Contributions not restricted to specific programs					23,098,151		23,098,151
Interest earnings					951,214		951,214
Transfers					(50,000)	50,000	
Miscellaneous revenues					192,011		192,011
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>28,380,333</b>	<b>50,000</b>	<b>28,430,333</b>
<b>CHANGE IN NET POSITION</b>					<b>6,710,856</b>	<b>40,506</b>	<b>6,751,362</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>					<b>108,656,814</b>	<b>(733)</b>	<b>108,656,081</b>
<b>NET POSITION AT END OF YEAR</b>					<b>\$ 115,367,670</b>	<b>\$ 39,773</b>	<b>\$ 115,407,443</b>

**TOWNSHIP OF FALLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<u>General</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,814,044	\$ 3,591,257	\$ 2,206,360	\$ 34,611,661
Investments	18,860,838			18,860,838
Accounts receivable (net of allowance for uncollectibles)	2,417,927	1		2,417,928
Taxes receivable	29,109		50,729	79,838
Interfund receivable	719,436		214	719,650
Prepaid items	515,138		16,629	531,767
<b>TOTAL ASSETS</b>	<b>\$ 51,356,492</b>	<b>\$ 3,591,258</b>	<b>\$ 2,273,932</b>	<b>\$ 57,221,682</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 584,142		\$ 38,549	\$ 622,691
Deposits	6,657	821,110	250	828,017
Interfund payable	89	593,939	3,872	597,900
Salaries and benefits payable	885,528		36,524	922,052
Unearned revenue	222,275			222,275
<b>TOTAL LIABILITIES</b>	<b>1,698,691</b>	<b>1,415,049</b>	<b>79,195</b>	<b>3,192,935</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - real estate taxes	27,757		48,369	76,126
Unavailable revenue - other	10,975			10,975
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>38,732</b>		<b>48,369</b>	<b>87,101</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	515,138		14,731	529,869
Restricted for:				
Recycling expenditures			454,796	454,796
Parks and recreation			191,871	191,871
Rescue squad			19,072	19,072
Crime prevention			118,959	118,959
Fire hydrant			105,256	105,256
Library			822	822
Highway aid			1,001,128	1,001,128
Street lighting			240,874	240,874
Assigned to:				
Capital projects	8,619,178	2,176,209		10,795,387
Unassigned	40,484,753		(1,141)	40,483,612
<b>TOTAL FUND BALANCES</b>	<b>49,619,069</b>	<b>2,176,209</b>	<b>2,146,368</b>	<b>53,941,646</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 51,356,492</b>	<b>\$ 3,591,258</b>	<b>\$ 2,273,932</b>	<b>\$ 57,221,682</b>



**TOWNSHIP OF FALLS**

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

DECEMBER 31, 2019

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 53,941,646</b>
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 \$164,849,219 and the accumulated depreciation is \$76,985,245	87,863,974
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	117,693
Deferred outflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds	2,735,171
Deferred inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds	(1,355,665)
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	(9,025,567)
Net pension liability-police	(17,458,591)
Net pension liability-nonuniform	(168,654)
Compensated absences	<u>(1,282,337)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 115,367,670</u></b>

See accompanying notes to the basic financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	\$ 858,653	\$	\$ 1,498,563	\$ 2,357,216
Real estate transfer	1,105,489			1,105,489
Local services	658,301			658,301
Mechanical device	39,161			39,161
Motor fuel tax			968,286	968,286
Host community fees	23,098,151			23,098,151
Licenses and permits	823,140			823,140
Fines and forfeits	185,468			185,468
Interest earnings	883,210			883,210
Rents	63,535	38,924	29,080	131,539
Intergovernmental	900,046	8,605	9,340	918,001
Charges for services	2,149,252		217,843	2,367,095
Contributions and donations	18,125		216,936	235,061
Refunds of prior years	185,374		42,765	228,139
<b>TOTAL REVENUES</b>	<b>30,967,905</b>	<b>47,529</b>	<b>2,982,813</b>	<b>33,998,247</b>
<b>EXPENDITURES</b>				
Current				
General government	2,966,661	69,253		3,035,914
Public safety	17,102,098		1,239,552	18,341,650
Public works - highways and streets	2,134,318		1,040,027	3,174,345
Culture and recreation	99,366		830,454	929,820
Capital outlay				
General government	114,438			114,438
Public safety	254,332			254,332
Public works - highways and streets	2,258,445		130,551	2,388,996
Culture and recreation	213,490			213,490
<b>TOTAL EXPENDITURES</b>	<b>25,143,148</b>	<b>69,253</b>	<b>3,240,584</b>	<b>28,452,985</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDI</b>	<b>5,824,757</b>	<b>(21,724)</b>	<b>(257,771)</b>	<b>5,545,262</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	6,227			6,227
Transfers in	(600,000)	100,000	450,000	550,000
Transfers out				(600,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(593,773)</b>	<b>100,000</b>	<b>450,000</b>	<b>(43,773)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,230,984</b>	<b>78,276</b>	<b>192,229</b>	<b>5,501,489</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>44,388,085</b>	<b>2,097,933</b>	<b>1,954,139</b>	<b>48,440,157</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 49,619,069</b>	<b>\$ 2,176,209</b>	<b>\$ 2,146,368</b>	<b>\$ 53,941,646</b>

See accompanying notes to the basic financial statements

**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, 2019**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 5,501,489</b>
 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	2,935,757
Depreciation expense	(4,294,469)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	29,242
 Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.	
	(73,748)
 On the Statement of Activities the actual and projected long term expenditures for pension benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for pensions.	
	(271,848)
 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.	
	<u>2,884,433</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 6,710,856</u></b>

See accompanying notes to the basic financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 867,786	\$ 867,786	\$ 858,653	\$ (9,133)
Real estate transfer	750,000	750,000	1,105,489	355,489
Local services	660,000	660,000	658,301	(1,699)
Mechanical device	34,000	34,000	39,161	5,161
Host community fees	23,090,500	23,090,500	23,098,151	7,651
Licenses and permits	848,200	848,200	823,140	(25,060)
Fines and forfeits	192,000	192,000	185,468	(6,532)
Interest earnings	245,200	245,200	883,210	638,010
Rents	64,680	64,680	63,535	(1,145)
Intergovernmental	763,250	763,250	900,046	136,796
Charges for services	1,564,530	1,564,530	2,149,252	584,722
Contributions and donations	-	-	18,125	18,125
Refunds of prior years	20,000	20,000	185,374	165,374
<b>TOTAL REVENUES</b>	<b>29,100,146</b>	<b>29,100,146</b>	<b>30,967,905</b>	<b>1,867,759</b>
<b>EXPENDITURES</b>				
Current				
General government				
Supervisors	35,681	35,681	35,683	(2)
Manager	521,743	521,743	538,310	(16,567)
Finance and administration	655,949	655,949	645,883	10,066
Attorney	362,000	362,000	613,079	(251,079)
Other	1,040,501	1,040,501	1,133,706	(93,205)
Total general government	<u>2,615,874</u>	<u>2,615,874</u>	<u>2,966,661</u>	<u>(350,787)</u>
Public safety				
Police	15,562,071	15,562,071	15,103,400	458,671
Fire	626,928	626,928	697,805	(70,877)
Code Enforcement	1,288,456	1,288,456	1,300,893	(12,437)
Total public safety	<u>17,477,455</u>	<u>17,477,455</u>	<u>17,102,098</u>	<u>375,357</u>
Public works				
Highways and streets	1,929,835	1,929,835	2,134,318	(204,483)
Total public works	<u>1,929,835</u>	<u>1,929,835</u>	<u>2,134,318</u>	<u>(204,483)</u>
Total culture and recreation	<u>24,000</u>	<u>24,000</u>	<u>99,366</u>	<u>(75,366)</u>
Capital outlay				
General government	883,200	883,200	114,438	768,762
Public safety	470,560	470,560	254,332	216,228
Public works - highway and streets	6,409,164	6,409,164	2,258,445	4,150,719
Culture and recreation	315,288	315,288	213,490	101,798
Total capital outlay	<u>8,078,212</u>	<u>8,078,212</u>	<u>2,840,705</u>	<u>5,237,507</u>
<b>TOTAL EXPENDITURES</b>	<b>30,125,376</b>	<b>30,125,376</b>	<b>25,143,148</b>	<b>4,982,228</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,025,230)</b>	<b>(1,025,230)</b>	<b>5,824,757</b>	<b>6,849,987</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(550,000)	(550,000)	(600,000)	(50,000)
Sale of assets	500	500	6,227	5,727
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(549,500)</b>	<b>(549,500)</b>	<b>(593,773)</b>	<b>(44,273)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,574,730)</b>	<b>(1,574,730)</b>	<b>5,230,984</b>	<b>6,805,714</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>46,165,274</b>	<b>46,165,274</b>	<b>44,388,085</b>	<b>(1,777,189)</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 44,590,544</b>	<b>\$ 44,590,544</b>	<b>\$ 49,619,069</b>	<b>\$ 5,028,525</b>

See accompanying notes to the basic financial statements

**TOWNSHIP OF FALLS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**DECEMBER 31, 2019**

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
<b>ASSETS</b>		
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	\$ 162,700	\$ 162,700
Machinery and equipment		1,973
<b>TOTAL CAPITAL ASSETS</b>	<b>162,700</b>	<b>164,673</b>
<b>TOTAL ASSETS</b>	<b>162,700</b>	<b>164,673</b>
<b>LIABILITIES</b>		
Current liabilities		
Interfund payable	121,750	164,823
Accounts payable	483	
Salaries and benefits payable	694	583
<b>TOTAL CURRENT LIABILITIES</b>	<b>122,927</b>	<b>165,406</b>
<b>NET POSITION</b>		
Investment in capital assets	162,700	164,673
Unrestricted	(122,927)	(165,406)
<b>TOTAL NET POSITION</b>	<b>\$ 39,773</b>	<b>\$ (733)</b>

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, 2019**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Pool memberships	\$ 194,212	\$ 180,782
Concession income	4,502	4,743
<b>TOTAL OPERATING REVENUES</b>	<u>198,714</u>	<u>185,525</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	162,538	154,723
Administration	43,697	63,313
Depreciation on capital assets	1,973	1,973
<b>TOTAL OPERATING EXPENSES</b>	<u>208,208</u>	<u>220,009</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(9,494)</u>	<u>(34,484)</u>
<b>NONOPERATING REVENUES</b>		
Interest income	-	16
<b>TOTAL NONOPERATING REVENUE</b>	<u>-</u>	<u>16</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	<u>(9,494)</u>	<u>(34,468)</u>
<b>TRANSFERS</b>	<u>50,000</u>	
<b>CHANGE IN NET POSITION</b>	<u>40,506</u>	<u>(34,468)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>(733)</u>	<u>33,735</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 39,773</u>	<u>\$ (733)</u>

See accompanying notes to the basic financial statements

**TOWNSHIP OF FALLS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 198,714	\$ 185,525
Payments to suppliers	(66,774)	(63,835)
Payments to employees	(138,867)	(153,871)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(6,927)</u>	<u>(32,181)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer from other funds	<u>6,927</u>	<u>32,165</u>
<b>NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>6,927</u>	<u>32,165</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings on investments	<u>-</u>	<u>16</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>16</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (9,494)	\$ (34,484)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	1,973	1,973
Increase (decrease) in accounts payable	483	
Increase (decrease) in salaries and benefits payable	111	330
<b>TOTAL ADJUSTMENTS</b>	<u>2,567</u>	<u>2,303</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (6,927)</u>	<u>\$ (32,181)</u>

See accompanying notes to the basic financial statements

**TOWNSHIP OF FALLS**

**COMBINED STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**DECEMBER 31, 2019**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,082,308	\$ 3,431,894
Receivables	198,265	
Accounts receivable		1,704
Investment, at fair value		
Common stock, mutual funds	<u>18,097,493</u>	
<b>TOTAL ASSETS</b>	34,378,066	<u>\$ 3,433,598</u>
<b>LIABILITIES</b>		
Payables	<u>6,300</u>	
Escrow deposits		<u>\$ 3,433,598</u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<u>\$ 34,371,766</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, 2019**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 2,260,678
Plan member	353,460
Commonwealth	711,749
Total Contributions	<u>3,325,887</u>
Investment Income	
Dividend income	711,833
Net appreciation (depreciation) in fair value of investments	<u>2,593,097</u>
Total investment income	<u>3,304,930</u>
Less: investment expenses	<u>68,215</u>
Net investment income	<u>3,236,715</u>
<b>TOTAL ADDITIONS</b>	<u>6,562,602</u>
<b>DEDUCTIONS</b>	
Benefits	2,852,892
Administrative expenses	<u>7,408</u>
Total deductions	<u>2,860,300</u>
Change in Net Position	3,702,302
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>30,669,464</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 34,371,766</u></u>

See accompanying notes to the basic financial statements

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### I. 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

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The government-wide financial 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

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Additionally, the Township reports the following Fiduciary funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Pinewood pool fund are charges to customers for pool memberships. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

##### **D. Assets, Liabilities, and Net Position or Equity**

###### ***1. Deposits and Investments***

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

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

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

###### *2. Receivables and Payables*

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

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

###### *3. Prepaid Items*

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

###### *4. Capital Assets*

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

The Township defines capital assets as assets with an estimated useful life in excess of two years and an initial, individual cost greater than \$10,000. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Infrastructure includes retroactive reporting of assets prior to June 30, 1980.

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

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

# TOWNSHIP OF FALLS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

##### ***4. Capital Assets***, continued

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

	<u>Years</u>
Buildings and improvements	25
Land improvements	10
Infrastructure - Roads	40
Infrastructure – Street light poles	50
Infrastructure – Street lights	10
Vehicles	6
Machinery and equipment	8

##### ***5. Compensated Absences***

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

##### ***6. Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. The Township does not have any bonds payable outstanding. In the fund financial statements, Governmental Funds recognize issuance of long-term debt during the current period. The face amount of debt issued is reported as other financing sources and payment of principal and interest reported as expenditures.

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

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

##### ***8. Comparative data***

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

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

##### *9. Fund Equity*

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

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

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

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

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

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

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

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



# TOWNSHIP OF FALLS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

##### ***10. Net Position***

Net position is considered restricted if the use is constrained to a particular purpose. The government-wide statement of net position reports \$2,131,956 of restricted net position, \$19,072 is restricted by enabling legislation.

### 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **A. Budgetary Information**

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

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

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

#### **B. Excess of Expenditures over Appropriations**

For the year end December 31, 2019, expenditures exceeded appropriations in the following funds. These over-expenditures were funded by interfund transfers and available fund balances.

<u>Fund</u>	<u>Excess</u>
Fire Hydrant Fund	\$ 388
Fire Protection Fund	3,043

#### **C. Deficit Fund Balance**

At December 31, 2019, the nonmajor special revenue funds have deficit fund balances as follows: Fire Protection - \$1,141. This deficit will be eliminated through a combination of increased revenues, decreased expenditures, and interfund transfers.



## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 3. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Under Act No. 72 enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Depository Insurance Corporation. The uninsured deposits, (as defined by Statement No. 40 of the Government Accounting Standards Board) of the Township in the amount of \$8,977,694 were collateralized by this pool of assets maintained by the Township's depository institutions.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2019, \$8,977,694 of the Township's bank balance of \$9,727,694 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$8,977,694
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State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

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

Information related to the Township's investments measured at fair value on a recurring basis at December 31, 2019, is as follows:

##### Government-Wide Investments (not including Fiduciary):

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PA Local Government Investment Trust	\$ 11,281,275	\$ 11,281,275	\$	\$
PA Treasury Invest Community Pool	38,529	38,529		
First National Bank Money Market	4,453,885	4,453,885		
SEI Government Fund	896	896		
Federal Home Loan Mortgage Corp	5,391,100	5,391,100		
Federal Home Loan Bank	2,406,676	2,406,676		
Federal National Mortgage Association	6,829,942	6,829,942		
Federal Farm Credit Banks	2,208,751	2,208,751		
Certificates of Deposit	1,472,608	1,472,608		
United States Treasury Notes	551,760	551,760		
	\$ 34,635,422	\$ 34,635,422	\$ -	\$ -

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**3. DETAILED NOTES ON ALL FUNDS, continued**

**A. Deposits and Investments, continued**

**Fiduciary Investments:**

<u>Investment</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 18,097,493	\$ 18,097,493		
PA Local Government Investment Trust	16,082,308	16,082,308		
	<u>\$ 34,179,801</u>	<u>\$ 34,179,801</u>	<u>\$ -</u>	<u>\$ -</u>

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

*Credit Risk.* Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Township has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2019, the Township's investments were rated as:

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

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

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of total Government Wide Investments</u>
Federal Home Loan Mortgage Corp	\$ 5,391,100	16%
Federal Home Loan Bank	2,406,676	7%
Federal National Mortgage Association	6,829,942	20%
Federal Farm Credit Banks	2,208,751	6%

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS, continued

**A. Deposits and Investments**, continued

*Interest Rate Risk.* Interest Rate risk is the risk that changes in interest rates will adversely affect an investment's value. The Township does not have a formal policy regarding interest rate risk. As of December 31, 2019, the Township's investments had the following weighted average maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Mortgage Corp	\$ 5,391,100	1.66
Federal Home Loan Bank	2,406,676	2.01
Federal National Mortgage Association	6,829,942	2.36
Federal Farm Credit Banks	2,208,751	0.28
Bond Mutual Funds	3,374,623	Less than 1
Bond Mutual Funds	621,174	6 - 10
Bond Mutual Funds	624,213	Greater than 10
Bond Mutual Funds	2,111,091	not available

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

**B. Receivables**

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

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 29,109	\$ -	\$ 50,729	\$ -	\$ 79,838
Accounts/other	2,637,107	1	-	199,969	2,837,077
Gross receivables	2,666,216	1	50,729	199,969	2,916,915
Less: allowance for uncollectibles	(219,180)	-	-	-	(219,180)
Total net receivables	<u>\$ 2,447,036</u>	<u>\$ 1</u>	<u>\$ 50,729</u>	<u>\$ 199,969</u>	<u>\$ 2,697,735</u>

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS, continued

**C. Unearned/Unavailable Revenue**

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

	Unavailable	Unearned
Delinquent property taxes receivable - general fund	\$ 27,757	\$
Delinquent property taxes receivable - special revenue funds	48,369	
Accounts receivable, not available	10,975	
Accounts receivable, unearned		222,275
Total Governmental unearned/unavailable revenue	\$ 87,101	\$ 222,275

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2019 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	746,526			746,526
Total capital assets not being depreciated	17,207,452	-	-	17,207,452
Capital Assets being depreciated				
Buildings	5,964,291	41,214		6,005,505
Improvements other than buildings	15,990,579	229,092		16,219,671
Machinery, equipment, and vehicles	9,281,342	442,505	435,971	9,287,876
Infrastructure	113,870,269	2,258,445		116,128,714
Total capital assets being depreciated	145,106,481	2,971,256	435,971	147,641,766
Less accumulated depreciation for:				
Buildings	3,835,419	225,224		4,060,643
Improvements other than buildings	14,379,371	439,834		14,819,205
Machinery, equipment, and vehicles	7,699,878	616,193	400,472	7,915,599
Infrastructure	47,176,579	3,013,218		50,189,797
Total accumulated depreciation	73,091,247	4,294,469	400,472	76,985,244
Total capital assets being depreciated, net	72,015,234	(1,323,213)	35,499	70,656,522
Governmental activities capital assets, net	\$ 89,222,686	\$ (1,323,213)	\$ 35,499	\$ 87,863,974

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**3. DETAILED NOTES ON ALL FUNDS, continued**

**D. Capital Assets, continued**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<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	17,757	1,973		19,730
Business-type activities capital assets, net	<u>\$ 164,673</u>	<u>\$ (1,973)</u>	<u>\$ -</u>	<u>\$ 162,700</u>

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

**Governmental Activities:**

General government	\$ 174,163
Public safety	314,769
Public works	3,285,953
Culture and recreation	<u>519,584</u>
Total depreciation expense - governmental activities	<u>\$ 4,294,469</u>

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

**E. Interfund Receivables, Payables, and Transfers**

The following is a summary of interfund receivables and payables at December 31, 2019:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 719,436	\$ 89
Capital Reserve	-	593,939
Pool Fund	-	121,750
Nonmajor Funds	214	<u>3,872</u>
	<u>\$ 719,650</u>	<u>\$ 719,650</u>

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

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS, continued

**E. Interfund Receivables, Payables, and Transfers, continued**

Interfund transfers for the year ended December 31, 2019, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General Fund	\$ 600,000	\$ -
Capital Reserve		100,000
Pool Fund		50,000
Nonmajor Funds	-	450,000
	\$ 600,000	\$ 600,000

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

**F. Long-term Debt**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental Activities					
Compensated Absences	\$ 1,929,603	\$ 262,038	\$ 227,806	\$ 1,963,835	\$ 681,498
Total Governmental Activities	\$ 1,929,603	\$ 262,038	\$ 227,806	\$ 1,963,835	\$ 681,498

The General Fund has been used to liquidate the liability for the compensated absences of the governmental activities.

4. OTHER INFORMATION

**A. Risk Management**

The Township is exposed to various risks of loss related to third party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, and injuries to employees. As a method of financing the risk, the Township purchases commercial insurance. The Township participates in the Delaware Valley Worker's Compensation Trust. The amount of settlement did not exceed insurance coverage for the past three years. There have been no significant reductions in insurance coverage during the year ended December 31, 2019.

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 4. OTHER INFORMATION, continued

##### **B. Contingent Liabilities**

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

##### **C. Financial Guarantee**

The Township has entered into a Guarantee Agreement dated September 1, 2011, as authorized pursuant to the Debt Act, to guarantee the full and prompt payment of the Township of Falls Authority's Guaranteed Water & Sewer Revenue Bonds series 2011. The Township of Falls Authority was created pursuant to an ordinance enacted by the Board of Supervisors of the township and the Township appoints the members of the Authority Board. The guarantee extends through December 31, 2019, and the current amount outstanding is \$27,432,093 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

The Township has entered into a Supplemental Guarantee Agreement dated May 4, 2016, as authorized pursuant to the Debt Act, to guarantee the full and prompt payment of the Township of Falls Authority's Guaranteed Water & Sewer Revenue Bonds series 2016. The Township of Falls Authority was created pursuant to an ordinance enacted by the Board of Supervisors of the township and the Township appoints the members of the Authority Board. The guarantee extends through December 31, 2019, and the current amount outstanding is \$2,214,668 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

##### **D. Other Post-employment Benefits**

###### **Plan Description**

The Township provides postemployment healthcare benefits in a single-employer defined benefit plan, as per the requirements of collective bargaining agreements, for certain retired police officers, public works employees, and AFSCME union members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Township calculates its actuarial valuation in accordance with GASB Statement 75, as required. Separate financial statements are not issued for the plan.

###### **Benefits Provided**

The Township pays; \$2,400 to \$20,400 per year for the premiums of healthcare coverage for police officers who retire with 25 years of full-time service or become disabled; \$3,600 to \$4,500 per year for AFSCME members with no minimum eligibility requirements; and \$4,800 to \$6,000 per year for Public works employees with no minimum eligibility requirements.

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

4. OTHER INFORMATION, continued

**D. Other Post-employment Benefits**, continued

**Employees Covered by the Plan**

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

Fully Eligible Active Plan Members	10
Other Active Employees not Fully Eligible	77
Retirees and Beneficiaries Currently Receiving Benefits	40
Total	127

**Contributions**

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

**Method Used to Value Investments**

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

**Long-Term Expected Rate of Return**

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

**Actuarial Assumptions**

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability as of December 31, 2019 was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the municipality's fiscal year ending December 31, 2019. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below

Actuarial assumptions:

Valuation Method	Entry age normal
Discount rate	3.25%
Salary increases	5.00%
Investment rate of return	n/a
Mortality rates	Blue Collar RP-2000 Mortality Table
Healthcare cost trends	Medical and prescription drug costs are assumed to increase by 5.75% in 2020, decreasing by .25% per year thereafter to an ultimate level of 5% per year

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.25%, and is based on the S&P 20 year AA municipal bond rate.



**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

4. OTHER INFORMATION, continued

**D. Other Post-employment Benefits**, continued

**Net OPEB Liability Sensitivity – Discount Rate**

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 3.25% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.25%) or 1 percentage point higher (4.25%) than the current rate.

	1% Decrease 2.25%	Current Discount Rate 3.25%	1% Increase 4.25%
Net OPEB Liability	\$ 9,888,236	\$ 9,025,567	\$ 8,275,624

**Net OPEB Liability Sensitivity – Healthcare Trend**

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

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	\$ 8,858,413	\$ 9,025,567	\$ 9,216,967

**Changes in Net OPEB Liability**

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 12/31/18</b>	\$ 11,250,315	\$ -	\$ 11,250,315
<b>Changes for the year:</b>			
Service Cost	125,851	-	125,851
Interest	292,226	-	292,226
Changes in Benefit Terms	(2,905,326)	-	(2,905,326)
Differences Between Expected and Actual Experience	96,246	-	96,246
Changes of Assumptions	682,714	-	682,714
Contributions - Employer	-	516,459	(516,459)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(516,459)	(516,459)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
<b>Net Changes</b>	(2,224,748)	-	(2,224,748)
<b>Balances at 12/31/19</b>	\$ 9,025,567	\$ -	\$ 9,025,567

**TOWNSHIP OF FALLS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

**D. Other Post-employment Benefits**, continued

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

For the year ended December 31, 2019, the Township recognized OPEB expense recovery of \$2,884,433.

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 90,856	\$ (9,357)
Changes in assumptions	578,186	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		
Total	\$ 669,042	\$ (9,357)

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

Year ended December 31,

2020	\$	119,275
2021		119,275
2022		119,275
2023		119,458
2024		119,830
Thereafter		62,572

**E. Pension Plans**

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

*Police Pension Plan*

Plan Description

The Falls Township Police Pension Plan is a single-employer defined benefit plan covering all full-time police officers. The Plan was established effective January 1, 1969, is controlled by the provisions of Ordinance 05-5, and the Collective Bargaining Agreement adopted pursuant to Act 600. The Plan is governed by the Board of Township Supervisors, who has delegated the authority to manage Plan assets to SEI Investments Management Corporation. Complete financial statements may be obtained at the township building. A separate, audited GAAP-basis pension plan report is not issued.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
  - Normal Retirement – Age 50 with 25 years of service. No early retirement.
  - Vesting – 100% after the completion of 12 years of vesting service
- *Retirement Benefit:* 50% of average salary during the last 36 months of employment, plus \$100 per month for each year of service in excess of 25 years, up to a maximum of \$500 per month.
- *Survivor Benefit:* Killed-in-service – 100% of salary. Post-retirement – 50% of retirement benefit; Vested –refund of contributions with interest or 50% of vested benefit payable beginning at officer’s super-annuation retirement date.
- *Disability Benefit Service Related:* 50% of average 36 months compensation.
- *Post Retirement Adjustments:* Those members who begin retirement benefits on or after January 1, 1992 may be provided a C.O.L.A. in accordance with Act 600. The COLA is based on the Philadelphia area CPI with an annual cap of 8%, up to 130% of the original amount of the member’s pension, or the original maximum amount allowable under Act 600, whichever is higher.
- *Pre Act 44 Deferred Retirement Option Program (DROP):* An active Member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months.
- *Member Contributions:* 5% contribution rate and 5% interest rate credited to member contributions.

Plan Membership

Membership of the plan consisted of the following at December 31, 2019:

Active Plan Members	44
Inactive Plan Members Currently Receiving Benefits	65
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>0</u>
Total	<u>109</u>

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 5. OTHER INFORMATION, continued

##### E. Pension Plans, continued

##### *Police Pension Plan*, continued

##### Contributions and Funding Policy

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

As a condition of participation, full-time officers are required to contribute 5% of their compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2019. The payment from the Commonwealth for State Aid is recognized as revenue in the General Fund and an expenditure to the Fiduciary Fund. The Township contributed State Aid of \$711,749 and Township contribution of \$2,117,244, into the plan for 2019.

##### Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

##### Method Used to Value Investments

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

##### Expenses

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

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

4. OTHER INFORMATION, continued

**E. Pension Plans**, continued

***Police Pension Plan***, continued

**Net Pension Liability**

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2019 was determined as part of an actuarial valuations at January 1, 2019. Update procedures were used to roll forward January 1, 2019 liabilities to the plan's fiscal plan year ending December 31, 2019. The actuarial assumptions used in the January 1, 2019 valuation are as follows:

Actuarial assumptions:	
Inflation rate	2.25%
Salary increases	5.00%
Investment rate of return	8.00%
Mortality rates	Blue Collar RP-2000 Mortality Table

**Discount Rate**

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

**Net Pension Liability Sensitivity**

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

	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Net Pension Liability	\$ 22,918,915	\$ 17,458,591	\$ 12,833,611

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

4. OTHER INFORMATION, continued

**E. Pension Plans**, continued

*Police Pension Plan*, continued

**Long Term Expected Rate of Return on Investments**

The long-term expected rate of return on the Plan's investments was determined using an building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.25%) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major class included in the Plan's target asset allocation as of December 31, 2019 are listed in the table below:

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

\* Excludes 2.5% inflation assumption

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

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 4. OTHER INFORMATION, continued

##### E. Pension Plans, continued

##### *Non-Uniform Defined Benefit Pension Plan*

##### Plan Description

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

##### Benefits Provided

The following is a summary of the Plan benefit provisions:

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

##### Plan Membership

Membership of the plan consisted of the following at December 31, 2019:

Active Plan Members	16
Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>1</u>
Total	<u>19</u>

# TOWNSHIP OF FALLS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 4. OTHER INFORMATION, continued

#### E. Pension Plans, continued

##### *Non-Uniform Defined Benefit Pension Plan*, continued

#### Contributions and Funding Policy

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

As a condition of participation, full-time members of the public works union are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with the statutorily required contribution, the Township contributed \$67,984 to the Plan for the year 2019.

#### Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

#### Method Used to Value Investments

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

#### Expenses

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

#### Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2019 was determined as part of an actuarial valuation at January 1, 2019. The measurement date for the net pension liability is December 31, 2018, which is no earlier than the end of the prior fiscal year. The actuarial assumptions used in the January 1, 2019 valuation are as follows:

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



TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

**E. Pension Plans**, continued

*Non-Uniform Defined Benefit Pension Plan*, continued

Discount Rate

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

Net Pension Liability Sensitivity

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

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net Pension Liability	\$ 635,932	\$ 168,654	\$ (296,024)

Long Term Expected Rate of Return on Investments

An experience study of PMRS was conducted in July 2015. The PMRS System's long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. Expected future real rates of return are based primarily on the 20 year historic nominal rates assuming that investment expenses will be offset by the additional return performance derived from active investment management. The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 3% to produce the rates of return. Best-estimates for each major class included in the Plan's target asset allocation as of December 31, 2019 are listed in the table below:

**TOWNSHIP OF FALLS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

**E. Pension Plans**, continued

*Non-Uniform Defined Benefit Pension Plan*, continued

Long Term Expected Rate of Return on Investments, continued

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities Large Cap	25.0%	4.60%
Domestic Equities Mid/Small Cap	15.0%	7.30%
International Equities Developed Markets	15.0%	3.50%
International Equities Emerging Markets	10.0%	8.30%
Real Estate	20.0%	5.40%
Fixed Income	15.0%	1.10%
Total Net Blended Return		4.80%
Long Term Expected Rate of Return		7.00%

*Police and Non-Uniform Defined Benefit Pension Plans*

Changes in Net Pension Liability

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
<b>Balances at 12/31/18</b>	<b>\$ 48,454,489</b>	<b>\$ 28,407,663</b>	<b>\$ 20,046,826</b>
<b>Changes for the year:</b>			
Service Cost	814,432	-	814,432
Interest	3,743,174	-	3,743,174
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,139,322)	-	(1,139,322)
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,117,244	(2,117,244)
Contributions - State Aid	-	711,750	(711,750)
Contributions - Member	-	353,460	(353,460)
Net Investment Income	-	2,830,365	(2,830,365)
Benefit Payments	(2,679,844)	(2,679,844)	-
Administrative Expense	-	(6,300)	6,300
Other Changes	-	-	-
<b>Net Changes</b>	<b>738,440</b>	<b>3,326,675</b>	<b>(2,588,235)</b>
<b>Balances at 12/31/19</b>	<b>\$ 49,192,929</b>	<b>\$ 31,734,338</b>	<b>\$ 17,458,591</b>

Pension plan fiduciary net position as a percentage of total pension liability is 64.5%.

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

4. OTHER INFORMATION, continued

**E. Pension Plans**, continued

**Police and Non-Uniform Defined Benefit Pension Plans**, continued

**Changes in Net Pension Liability**, continued

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 12/31/18</b>	\$ 2,217,724	2,348,236	\$ (130,512)
<b>Changes for the year:</b>			
Service Cost	161,037	-	161,037
Interest	113,687	-	113,687
Changes in Benefit Terms	23,985	-	23,985
Differences Between Expected and Actual Experience	395	-	395
Changes of Assumptions	-	-	-
Contributions - Employer	-	71,804	(71,804)
Contributions - PMRS assessment	-	20	(20)
Contributions - Member	-	89,233	(89,233)
Net Investment Income	-	(155,646)	155,646
Benefit Payments	(23,087)	(23,087)	-
Administrative Expense	-	(360)	360
Other Changes	-	(5,113)	5,113
<b>Net Changes</b>	<u>276,017</u>	<u>(23,149)</u>	<u>299,166</u>
<b>Balances at 12/31/19</b>	<u>\$ 2,493,741</u>	<u>\$ 2,325,087</u>	<u>\$ 168,654</u>

Pension plan fiduciary net position as a percentage of total pension liability is 93.2%.

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources**

For the year ended December 31, 2019, the Township recognized total pension expense of \$3,044,407 for the Police Pension Plan. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (1,206,200)
Changes in assumptions	412,684	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,360,233</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,772,917</u>	<u>\$ (1,206,200)</u>

**TOWNSHIP OF FALLS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

**E. Pension Plans**, continued

***Police and Non-Uniform Defined Benefit Pension Plans, continued***

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

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

Year ended December 31,

2020	\$	431,685
2021		181,832
2022		287,017
2023		(333,817)
2024		-
Thereafter		-

For the year ended December 31, 2019, the Township recognized total pension expense of \$124,418 for the Non-Uniform Defined Benefit Pension Plan. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the Non-Uniform Defined Benefit Pension Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 586	\$
Contributions subsequent to the measurement date	67,984	
Changes in assumptions	1,522	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	223,120	(140,108)
<b>Total</b>	<b>\$ 293,212</b>	<b>\$ (140,108)</b>

\$67,984 reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Non Uniform Defined Benefit Pension Plan will be recognized in the pension expense as follows:

Year ended December 31,

2020	\$	21,072
2021		1,160
2022		7,649
2023		54,354
2024		295
Thereafter		590

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 4. OTHER INFORMATION, continued

##### E. Pension Plans, continued

##### *Non-Uniform Defined Contribution Pension Plan*

##### Plan Description

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

##### Benefits Provided

The following is a summary of the Plan benefit provisions:

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

##### Summary of Significant Accounting Policies

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

##### Contributions and Funding Policy

The contribution requirements of the Township are established and may be amended by the Board of Supervisors. Plan members are not required to contribute. The Township is required to contribute at a determined rate, which is currently 5% of annual covered payroll. The Township contributed \$143,434 for the year ending December 31, 2019.

**TOWNSHIP OF FALLS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**4. OTHER INFORMATION, continued**

**E. Pension Plans, continued**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
ALL PENSION TRUST FUNDS  
DECEMBER 31, 2019

	Non-Uniform Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$	\$ 16,082,308	\$ 16,082,308
Receivables		198,265	198,265
Investment, at fair value			
Common stock, mutual funds	2,637,428	15,460,065	18,097,493
<b>TOTAL ASSETS</b>	<b>2,637,428</b>	<b>31,740,638</b>	<b>34,378,066</b>
<b>LIABILITIES</b>			
Payables		6,300	6,300
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>6,300</b>	<b>6,300</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 2,637,428</b>	<b>\$ 31,734,338</b>	<b>\$ 34,371,766</b>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
ALL PENSION TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

<b>ADDITIONS</b>			
<b>Contributions</b>			
<b>Employer</b>	\$ 143,434	\$ 2,117,244	\$ 2,260,678
Plan Member		353,460	353,460
Commonwealth		711,749	711,749
<b>Total Contributions</b>	<b>143,434</b>	<b>3,182,453</b>	<b>3,325,887</b>
<b>Investment Income</b>			
Dividend income		711,833	711,833
Net appreciation (depreciation) in fair value of investments	406,349	2,186,748	2,593,097
<b>Total investment income</b>	<b>406,349</b>	<b>2,898,581</b>	<b>3,304,930</b>
Less: investment expenses		68,215	68,215
<b>Net investment income (loss)</b>	<b>406,349</b>	<b>2,830,366</b>	<b>3,236,715</b>
<b>TOTAL ADDITIONS</b>	<b>549,783</b>	<b>6,012,819</b>	<b>6,562,602</b>
<b>DEDUCTIONS</b>			
Benefits	173,048	2,679,844	2,852,892
Administrative expenses	1,108	6,300	7,408
<b>Total deductions</b>	<b>174,156</b>	<b>2,686,144</b>	<b>2,860,300</b>
<b>Change in Net Position</b>	<b>375,627</b>	<b>3,326,675</b>	<b>3,702,302</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS, BEGINNING</b>	<b>2,261,801</b>	<b>28,407,663</b>	<b>30,669,464</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS, ENDING</b>	<b>\$ 2,637,428</b>	<b>\$ 31,734,338</b>	<b>\$ 34,371,766</b>

## TOWNSHIP OF FALLS

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### 4. OTHER INFORMATION, continued

##### **F. New Accounting Pronouncements**

*GASB Codification Section L20, Leases (GASB 87):* GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right of-use (“ROU”) model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This Statement is expected to have an implementation date for fiscal years beginning after June 15, 2021.

##### **G. Subsequent Events**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a global pandemic, causing the United States government to declare a national emergency. This coronavirus outbreak has severely restricted the level of economic activity around the world. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of the Township’s operations. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State and Federal tax revenues are also significantly decreased. This decrease could result in less tax and grant money that is relied upon by local municipalities. Given the uncertainty regarding the spread of this coronavirus, the related financial impact on the Township cannot be reasonably estimated at this time.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	2014	2015	2016	2017	2018	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 662,062	\$ 756,746	\$ 794,583	\$ 736,797	\$ 773,637	\$ 814,432
Interest	2,962,558	3,249,829	3,398,444	3,539,586	3,684,929	3,743,174
Changes of Benefit Terms	-	-	-	(943,976)	-	(1,139,322)
Differences Between Expected and Actual Experience	-	1,873,097	-	926,401	-	-
Changes of Assumptions	-	-	-	926,401	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)	(2,584,096)	(2,679,844)
<b>Net Change in Total Pension Liability</b>	<b>1,697,024</b>	<b>3,804,230</b>	<b>1,895,032</b>	<b>1,850,018</b>	<b>1,874,470</b>	<b>738,440</b>
<b>Total Pension Liability - Beginning</b>	<b>37,333,715</b>	<b>39,030,739</b>	<b>42,834,969</b>	<b>44,730,001</b>	<b>46,580,019</b>	<b>48,454,489</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 39,030,739</b>	<b>\$ 42,834,969</b>	<b>\$ 44,730,001</b>	<b>\$ 46,580,019</b>	<b>\$ 48,454,489</b>	<b>\$ 49,192,929</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 1,222,066	\$ 1,697,576	\$ 1,957,876	\$ 1,956,735	\$ 2,167,153	\$ 2,117,244
Contributions - State Aid	518,939	537,154	621,200	633,179	665,183	711,750
Contributions - Member	314,428	311,101	315,499	353,703	316,462	353,460
Net Investment Income	1,188,621	(190,002)	1,246,210	2,543,064	(923,856)	2,830,365
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)	(2,584,096)	(2,679,844)
Administrative Expense	-	(19,154)	-	(20,126)	(14,926)	(6,300)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,316,458</b>	<b>261,233</b>	<b>1,842,790</b>	<b>3,057,765</b>	<b>(374,080)</b>	<b>3,326,675</b>
<b>Plan Net Position - Beginning</b>	<b>22,303,497</b>	<b>23,619,955</b>	<b>23,881,188</b>	<b>25,723,978</b>	<b>28,781,743</b>	<b>28,407,663</b>
<b>Plan Net Position - Ending</b>	<b>\$ 23,619,955</b>	<b>\$ 23,881,188</b>	<b>\$ 25,723,978</b>	<b>\$ 28,781,743</b>	<b>\$ 28,407,663</b>	<b>\$ 31,734,338</b>
<b>Plan's Net Pension Liability</b>	<b>\$ 15,410,784</b>	<b>\$ 18,953,781</b>	<b>\$ 19,006,023</b>	<b>\$ 17,798,276</b>	<b>\$ 20,046,826</b>	<b>\$ 17,458,591</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>60.5%</b>	<b>55.8%</b>	<b>57.5%</b>	<b>61.8%</b>	<b>58.6%</b>	<b>64.5%</b>
<b>Covered Payroll</b>	<b>\$ 5,284,622</b>	<b>\$ 5,924,242</b>	<b>\$ 6,025,885</b>	<b>\$ 6,178,344</b>	<b>\$ 6,348,464</b>	<b>\$ 6,300,000</b>
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>291.6%</b>	<b>319.9%</b>	<b>315.4%</b>	<b>288.1%</b>	<b>315.8%</b>	<b>277.1%</b>

**Notes to schedules:**

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

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

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

	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 136,121	\$ 131,154	\$ 136,023	\$ 148,369	\$ 161,037
Interest	75,226	86,385	98,040	106,054	113,687
Changes of Benefit Terms	-	-	-	-	23,985
Differences Between Expected and Actual Experience	113	132	168	-	395
Changes of Assumptions	-	471	1,770	-	-
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)	(5,191)	(23,087)
<b>Net Change in Total Pension Liability</b>	<b>206,269</b>	<b>212,951</b>	<b>230,810</b>	<b>249,232</b>	<b>276,017</b>
<b>Total Pension Liability - Beginning</b>	<b>1,318,462</b>	<b>1,524,731</b>	<b>1,737,682</b>	<b>1,968,492</b>	<b>2,217,724</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 1,524,731</b>	<b>\$ 1,737,682</b>	<b>\$ 1,968,492</b>	<b>\$ 2,217,724</b>	<b>\$ 2,493,741</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 66,091	\$ 62,740	\$ 58,953	\$ 63,012	\$ 71,804
Contributions - PMRS assessments	-	-	20	-	20
Contributions - Member	70,029	68,414	77,070	85,357	89,233
Net Investment Income	70,284	(12,456)	131,230	340,274	(155,646)
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)	(5,191)	(23,087)
Administrative Expense	(3,256)	(3,971)	(5,180)	(5,270)	(5,473)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>197,957</b>	<b>109,536</b>	<b>256,902</b>	<b>478,182</b>	<b>(23,149)</b>
<b>Plan Net Position - Beginning</b>	<b>1,305,659</b>	<b>1,503,616</b>	<b>1,613,152</b>	<b>1,870,054</b>	<b>2,348,236</b>
<b>Plan Net Position - Ending</b>	<b>\$ 1,503,616</b>	<b>\$ 1,613,152</b>	<b>\$ 1,870,054</b>	<b>\$ 2,348,236</b>	<b>\$ 2,325,087</b>
<b>Plan's Net Pension Liability</b>	<b>\$ 21,115</b>	<b>\$ 124,530</b>	<b>\$ 98,438</b>	<b>\$ (130,512)</b>	<b>\$ 168,654</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>98.6%</b>	<b>92.8%</b>	<b>95.0%</b>	<b>105.9%</b>	<b>93.2%</b>
<b>Covered Payroll</b>	<b>\$ 1,321,820</b>	<b>\$ 1,254,799</b>	<b>\$ 1,179,054</b>	<b>\$ 1,260,246</b>	<b>\$ 1,436,085</b>
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>1.6%</b>	<b>9.9%</b>	<b>8.3%</b>	<b>-10.4%</b>	<b>11.7%</b>
<b>Notes to schedules:</b>					
None.					

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,570,253	\$ 1,313,893	\$ 1,318,901	\$ 1,470,557	\$ 1,741,005	\$ 2,234,730	\$ 2,579,076	\$ 2,589,914	\$ 2,832,336	\$ 2,828,993
Contributions made	1,570,253	1,313,893	1,318,901	1,470,557	1,741,005	2,234,730	2,579,076	2,589,914	2,832,336	2,828,993
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,209,698	\$ 4,574,694	\$ 4,628,098	\$ 4,719,500	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344	\$ 6,348,464	\$ 6,300,000
Contributions as a Percentage of Covered Payroll	37.3%	28.7%	28.5%	31.2%	32.9%	37.7%	42.8%	41.9%	44.6%	44.9%

**Notes to schedules:**

Valuation date - Actuarially determined contribution rates are calculated biennially as of January 1 - most recent valuation is January 1, 2019.

Methods and assumptions used to determine contribution rates:

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

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

	2014	2015	2016	2017	2018	2019
Statutorily determined contribution	\$ 66,432	\$ 63,080	\$ 59,293	\$ 63,372	\$ 72,164	\$ 67,984
Contributions made	66,091	62,740	58,973	63,012	71,824	67,984
Contribution deficiency (excess)	\$ 341	\$ 340	\$ 320	\$ 360	\$ 340	\$ -
Covered Payroll	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054	\$ 1,260,246	\$ 1,436,085	\$ 1,359,680
Contributions as a Percentage of Covered Payroll	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

**Notes to schedules:**

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

Methods and assumptions used to determine contribution rates:

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

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

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

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expenses	\$ 5.50%	\$ -0.80%	\$ 5.16%	\$ 9.79%	\$ -3.18%	\$ 9.88%

Annual money-weighted rate of return,  
net of investment expenses

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

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

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expenses	\$ 5.20%	\$ -0.27%	\$ 8.23%	\$ 17.84%	\$ 8.60%	\$ 5.60%

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

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

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 206,828	\$ 217,169	\$ 125,851
Interest	410,283	415,612	292,226
Changes of Benefit Terms	-	-	(2,905,326)
Differences Between Expected and Actual Experience	-	-	96,246
Changes of Assumptions	-	-	682,714
Benefit Payments	(474,056)	(496,584)	(516,459)
<b>Net Change in Total OPEB Liability</b>	<u>143,055</u>	<u>136,197</u>	<u>(2,224,748)</u>
<b>Total OPEB Liability - Beginning</b>	<u>10,971,063</u>	<u>11,114,118</u>	<u>11,250,315</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 11,114,118</u></u>	<u><u>\$ 11,250,315</u></u>	<u><u>\$ 9,025,567</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ -	\$ -	\$ -
Contributions - State Aid	-	-	-
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan Net Position - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan Net Position - Ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Plan's Net OPEB Liability</b>	<u><u>\$ 11,114,118</u></u>	<u><u>\$ 11,250,315</u></u>	<u><u>\$ 9,025,567</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	0.0%	0.0%	0.0%
<b>Covered Payroll</b>	\$ 9,101,282	\$ 9,556,346	\$ 9,536,304
<b>Plan's Net OPEB Liability as a Percentage of Covered Payroll</b>	122.1%	117.7%	94.6%

**Notes to schedules:**

Changes in assumptions: Changes in assumptions and other inputs reflect changes in the discount rate each period.

The following are the discount rates used in each period: 4.00%                      3.75%                      3.25%

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



## SUPPLEMENTARY INFORMATION

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF FALLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	Special Revenue										Total Nonmajor Governmental Funds
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention		
<b>ASSETS</b>											
Cash and cash equivalents	\$ 119,986	\$ 1,011,265	\$ 240,410	\$	\$ 750	\$ 454,796	\$ 232,772	\$ 18,815	\$ 127,566	\$	\$ 2,206,360
Receivables	3,735		10,026	13,822	1,548		16,069	5,529			50,729
Taxes receivable							214				214
Interfund receivable				1,898			11,039				16,629
Prepaid items											
<b>TOTAL ASSETS</b>	<b>\$ 123,721</b>	<b>\$ 1,011,265</b>	<b>\$ 250,436</b>	<b>\$ 15,720</b>	<b>\$ 2,298</b>	<b>\$ 454,796</b>	<b>\$ 260,094</b>	<b>\$ 24,344</b>	<b>\$ 131,258</b>	<b>\$</b>	<b>\$ 2,273,932</b>
<b>LIABILITIES</b>											
Accounts payable	\$ 14,904	\$ 10,137	\$	\$ 679	\$	\$	\$ 10,271	\$	\$	\$ 2,558	\$ 34,549
Interfund payable				3,003			869				3,872
Deposits							250				250
Salaries and benefits payable							30,475			6,049	36,524
<b>TOTAL LIABILITIES</b>	<b>14,904</b>	<b>10,137</b>	<b>-</b>	<b>3,682</b>	<b>-</b>	<b>-</b>	<b>41,865</b>	<b>-</b>	<b>8,607</b>	<b>-</b>	<b>79,195</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - real estate taxes	3,561		9,562	13,179	1,476		15,319	5,272			48,369
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,561</b>	<b>-</b>	<b>9,562</b>	<b>13,179</b>	<b>1,476</b>	<b>-</b>	<b>15,319</b>	<b>5,272</b>	<b>-</b>	<b>-</b>	<b>48,369</b>
<b>FUND BALANCES</b>											
Nonspendable:											
Prepaid items							11,039			3,692	14,731
Restricted for:											
Recycling expenditures						454,796					454,796
Parks and recreation							191,871				191,871
Rescue Squad								19,072			19,072
Crime prevention									118,959		118,959
Fire hydrant	105,256										105,256
Library					822						822
Highway aid		1,001,128									1,001,128
Street lighting			240,874								240,874
Unassigned				(1,141)							(1,141)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>105,256</b>	<b>1,001,128</b>	<b>240,874</b>	<b>(1,141)</b>	<b>822</b>	<b>454,796</b>	<b>202,910</b>	<b>19,072</b>	<b>122,651</b>	<b>-</b>	<b>2,146,368</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 123,721</b>	<b>\$ 1,011,265</b>	<b>\$ 250,436</b>	<b>\$ 15,720</b>	<b>\$ 2,298</b>	<b>\$ 454,796</b>	<b>\$ 260,094</b>	<b>\$ 24,344</b>	<b>\$ 131,258</b>	<b>\$</b>	<b>\$ 2,273,932</b>

**TOWNSHIP OF FALLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Special Revenue										Total Nonmajor Governmental Funds
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention		
<b>REVENUES</b>											
Taxes											
Property	\$ 111,003	\$ 968,286	\$ 293,864	\$ 408,104	\$ 45,709	\$ 3,500	\$ 476,640	\$ 163,243	\$ 93	\$ 1,498,563	
Motor fuel tax	413	15,217	912	247	7	3,500	8,566	125	93	968,286	
Interest earnings							9,340			29,080	
Rents				217,843			216,936			217,843	
Intergovernmental							3,245		39,520	42,765	
Charges for services											
Contributions and donations											
<b>TOTAL REVENUES</b>	<b>111,416</b>	<b>983,503</b>	<b>294,776</b>	<b>626,194</b>	<b>45,716</b>	<b>3,500</b>	<b>714,727</b>	<b>163,368</b>	<b>39,613</b>	<b>2,982,813</b>	
<b>EXPENDITURES</b>											
Current											
Public safety	87,388			624,143					367,798	1,239,552	
Public works - highways and streets		770,393	269,634				785,454			1,040,027	
Culture and recreation					45,000					830,454	
Capital outlay											
General government		130,551								130,551	
Public safety											
Public works - highways and streets											
Culture and recreation											
<b>TOTAL EXPENDITURES</b>	<b>87,388</b>	<b>900,944</b>	<b>269,634</b>	<b>624,143</b>	<b>45,000</b>	<b>-</b>	<b>785,454</b>	<b>160,223</b>	<b>367,798</b>	<b>3,240,584</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>24,028</b>	<b>82,559</b>	<b>25,142</b>	<b>2,051</b>	<b>716</b>	<b>3,500</b>	<b>(70,727)</b>	<b>3,145</b>	<b>(328,185)</b>	<b>(257,771)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in							100,000		350,000	450,000	
Transfers out											
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>350,000</b>	<b>450,000</b>	
<b>NET CHANGES IN FUND BALANCES</b>	<b>24,028</b>	<b>82,559</b>	<b>25,142</b>	<b>2,051</b>	<b>716</b>	<b>3,500</b>	<b>29,273</b>	<b>3,145</b>	<b>21,815</b>	<b>192,229</b>	
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>	<b>81,228</b>	<b>918,569</b>	<b>215,732</b>	<b>(3,192)</b>	<b>106</b>	<b>451,296</b>	<b>173,637</b>	<b>15,927</b>	<b>100,836</b>	<b>1,954,139</b>	
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>	<b>\$ 105,256</b>	<b>\$ 1,001,128</b>	<b>\$ 240,874</b>	<b>\$ (1,141)</b>	<b>\$ 822</b>	<b>\$ -54,796</b>	<b>\$ 202,910</b>	<b>\$ 19,072</b>	<b>\$ 122,651</b>	<b>\$ 2,146,368</b>	

**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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property tax	\$ 111,313	\$ 111,313	\$ 111,003	\$ (310)
Interest earnings	50	50	413	363
<b>TOTAL REVENUES</b>	<u>111,363</u>	<u>111,363</u>	<u>111,416</u>	<u>53</u>
<b>EXPENDITURES</b>				
Current				
Public safety	87,000	87,000	87,388	(388)
<b>TOTAL EXPENDITURES</b>	<u>87,000</u>	<u>87,000</u>	<u>87,388</u>	<u>(388)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>24,363</u>	<u>24,363</u>	<u>24,028</u>	<u>(335)</u>
<b>FUND BALANCE, BEGINNING</b>	<u>82,834</u>	<u>82,834</u>	<u>81,228</u>	<u>(1,606)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 107,197</u>	<u>\$ 107,197</u>	<u>\$ 105,256</u>	<u>\$ (1,941)</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Motor fuel tax	\$ 944,924	\$ 944,924	\$ 968,286	\$ 23,362
Interest earnings	3,000	3,000	15,217	12,217
<b>TOTAL REVENUES</b>	<u>947,924</u>	<u>947,924</u>	<u>983,503</u>	<u>35,579</u>
<b>EXPENDITURES</b>				
Current				
Public works - highways and streets	1,024,310	1,024,310	770,393	253,917
Capital outlay				
Public works - highways and streets	<u>134,133</u>	<u>134,133</u>	<u>130,551</u>	<u>3,582</u>
<b>TOTAL EXPENDITURES</b>	<u>1,158,443</u>	<u>1,158,443</u>	<u>900,944</u>	<u>257,499</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(210,519)	(210,519)	82,559	293,078
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(210,519)	(210,519)	82,559	293,078
<b>FUND BALANCE, BEGINNING</b>	<u>834,862</u>	<u>834,862</u>	<u>918,569</u>	<u>83,707</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 624,343</u>	<u>\$ 624,343</u>	<u>\$ 1,001,128</u>	<u>\$ 376,785</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax	\$ 297,498	\$ 297,498	\$ 293,864	\$ (3,634)
Interest earnings	100	100	912	812
<b>TOTAL REVENUES</b>	<u>297,598</u>	<u>297,598</u>	<u>294,776</u>	<u>(2,822)</u>
<b>EXPENDITURES</b>				
Current				
Public works - highways and streets	290,000	290,000	269,634	20,366
<b>TOTAL EXPENDITURES</b>	<u>290,000</u>	<u>290,000</u>	<u>269,634</u>	<u>20,366</u>
<b>NET CHANGE IN FUND BALANCE</b>	7,598	7,598	25,142	(23,188)
<b>FUND BALANCE, BEGINNING</b>	<u>225,826</u>	<u>225,826</u>	<u>215,732</u>	<u>(10,094)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 233,424</u>	<u>\$ 233,424</u>	<u>\$ 240,874</u>	<u>\$ 7,450</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax	\$ 411,939	\$ 411,939	\$ 408,104	\$ (3,835)
Intergovernmental	210,000	210,000	217,843	7,843
Interest earnings	75	75	247	172
<b>TOTAL REVENUES</b>	<b>622,014</b>	<b>622,014</b>	<b>626,194</b>	<b>4,180</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	621,100	621,100	624,143	(3,043)
<b>TOTAL EXPENDITURES</b>	<b>621,100</b>	<b>621,100</b>	<b>624,143</b>	<b>(3,043)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	914	914	2,051	7,223
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	914	914	2,051	7,223
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	<b>(175)</b>	<b>(175)</b>	<b>(3,192)</b>	<b>(3,017)</b>
<b>FUND BALANCE (DEFICIT), ENDING</b>	<b>\$ 739</b>	<b>\$ 739</b>	<b>\$ (1,141)</b>	<b>\$ 4,206</b>



**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, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property tax	\$ 45,976	\$ 45,976	\$ 45,709	\$ (267)
Interest earnings	10	10	7	(3)
<b>TOTAL REVENUES</b>	<u>45,986</u>	<u>45,986</u>	<u>45,716</u>	<u>(270)</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>986</u>	<u>986</u>	<u>716</u>	<u>(270)</u>
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	<u>467</u>	<u>467</u>	<u>106</u>	<u>(361)</u>
<b>FUND BALANCE (DEFICIT), ENDING</b>	<u>\$ 1,453</u>	<u>\$ 1,453</u>	<u>\$ 822</u>	<u>\$ (631)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax	\$ 479,413	\$ 479,413	\$ 476,640	\$ (2,773)
Rents	9,500	9,500	9,340	(160)
Charges for services	188,000	188,000	216,936	28,936
Interest earnings	1,100	1,100	8,566	7,466
Contributions and donations	4,000	4,000	3,245	(755)
<b>TOTAL REVENUES</b>	<b>682,013</b>	<b>682,013</b>	<b>714,727</b>	<b>32,714</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	840,955	840,955	785,454	55,501
<b>TOTAL EXPENDITURES</b>	<b>840,955</b>	<b>840,955</b>	<b>785,454</b>	<b>55,501</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(158,942)</b>	<b>(158,942)</b>	<b>(70,727)</b>	<b>88,215</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(58,942)</b>	<b>(58,942)</b>	<b>29,273</b>	<b>88,215</b>
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	<b>174,900</b>	<b>174,900</b>	<b>173,637</b>	<b>(1,263)</b>
<b>FUND BALANCE (DEFICIT), ENDING</b>	<b>\$ 115,958</b>	<b>\$ 115,958</b>	<b>\$ 202,910</b>	<b>\$ 86,952</b>

**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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax	\$ 164,266	\$ 164,266	\$ 163,243	\$ (1,023)
Interest earnings	25	25	125	100
<b>TOTAL REVENUES</b>	<u>164,291</u>	<u>164,291</u>	<u>163,368</u>	<u>(923)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	161,000	161,000	160,223	777
<b>TOTAL EXPENDITURES</b>	<u>161,000</u>	<u>161,000</u>	<u>160,223</u>	<u>777</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>3,291</u>	<u>3,291</u>	<u>3,145</u>	<u>(146)</u>
<b>FUND BALANCE, BEGINNING</b>	<u>11,137</u>	<u>11,137</u>	<u>15,927</u>	<u>4,790</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 14,428</u>	<u>\$ 14,428</u>	<u>\$ 19,072</u>	<u>\$ 4,644</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest earnings	\$ -	\$ 0	\$ 93	\$ 93
Contributions and donations	47,000	47,000	39,520	(7,480)
<b>TOTAL REVENUES</b>	<u>47,000</u>	<u>47,000</u>	<u>39,613</u>	<u>(7,387)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	416,604	416,604	367,798	48,806
<b>TOTAL EXPENDITURES</b>	<u>416,604</u>	<u>416,604</u>	<u>367,798</u>	<u>48,806</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(369,604)</u>	<u>(369,604)</u>	<u>(328,185)</u>	<u>41,419</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	350,000	350,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(19,604)	(19,604)	21,815	41,419
<b>FUND BALANCE, BEGINNING</b>	<u>84,217</u>	<u>84,217</u>	<u>100,836</u>	<u>16,619</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 64,613</u>	<u>\$ 64,613</u>	<u>\$ 122,651</u>	<u>\$ 58,038</u>

**TOWNSHIP OF FALLS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL RESERVE CAPITAL PROJECTS FUND**

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest earnings	\$ 7,000	\$ 7,000	\$ 38,924	\$ 31,924
Intergovernmental			8,605	8,605
<b>TOTAL REVENUES</b>	<b>7,000</b>	<b>7,000</b>	<b>47,529</b>	<b>40,529</b>
<b>EXPENDITURES</b>				
Current				
General Government	79,000	79,000	69,253	9,747
Public works - highways and streets	-	-	-	-
Culture and recreation	500	500	-	500
Capital Outlay				
General Government	14,000	14,000	-	14,000
<b>TOTAL EXPENDITURES</b>	<b>93,500</b>	<b>93,500</b>	<b>69,253</b>	<b>24,247</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(86,500)</b>	<b>(86,500)</b>	<b>(21,724)</b>	<b>64,776</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>13,500</b>	<b>13,500</b>	<b>78,276</b>	<b>64,776</b>
<b>FUND BALANCE, BEGINNING</b>	<b>2,087,683</b>	<b>2,087,683</b>	<b>2,097,933</b>	<b>10,250</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 2,101,183</b>	<b>\$ 2,101,183</b>	<b>\$ 2,176,209</b>	<b>\$ 75,026</b>

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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 FIDUCIARY NET POSITION**

**ALL PENSION TRUST FUNDS**

DECEMBER 31, 2019

	Non-Uniform Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$	\$ 16,082,308	\$ 16,082,308
Receivables		198,265	198,265
Investment, at fair value			
Common stock, mutual funds	2,637,428	15,460,065	18,097,493
<b>TOTAL ASSETS</b>	2,637,428	31,740,638	34,378,066
<b>LIABILITIES</b>			
Payables		6,300	6,300
<b>TOTAL LIABILITIES</b>	-	6,300	6,300
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	\$ 2,637,428	\$ 31,734,338	\$ 34,371,766



**TOWNSHIP OF FALLS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**ALL PENSION TRUST FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Non-Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 143,434	\$ 2,117,244	\$ 2,260,678
Plan Member		353,460	353,460
Commonwealth		711,749	711,749
<b>Total Contributions</b>	<u>143,434</u>	<u>3,182,453</u>	<u>3,325,887</u>
Investment Income			
Dividend income		711,833	711,833
Net appreciation (depreciation) in fair value of investments	406,349	2,186,748	2,593,097
<b>Total investment income</b>	<u>406,349</u>	<u>2,898,581</u>	<u>3,304,930</u>
Less: investment expenses		68,215	68,215
<b>Net investment income (loss)</b>	<u>406,349</u>	<u>2,830,366</u>	<u>3,236,715</u>
<b>TOTAL ADDITIONS</b>	<u>549,783</u>	<u>6,012,819</u>	<u>6,562,602</u>
<b>DEDUCTIONS</b>			
Benefits	173,048	2,679,844	2,852,892
Administrative expenses	1,108	6,300	7,408
<b>Total deductions</b>	<u>174,156</u>	<u>2,686,144</u>	<u>2,860,300</u>
<b>Change in Net Position</b>	375,627	3,326,675	3,702,302
<b>NET POSITION, BEGINNING YEAR</b>	<u>2,261,801</u>	<u>28,407,663</u>	<u>30,669,464</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,637,428</u>	<u>\$ 31,734,338</u>	<u>\$ 34,371,766</u>

**TOWNSHIP OF FALLS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**TOWNSHIP ESCROW SUBDIVISION FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
<b><u>TOWNSHIP ESCROW AND SUBDIVISION</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,357,070	\$ 628,986	\$ 554,162	\$ 3,431,894
Accounts receivable	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>1,704</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,358,774</u></b>	<b><u>\$ 628,986</u></b>	<b><u>\$ 554,162</u></b>	<b><u>\$ 3,433,598</u></b>
<b>LIABILITIES</b>				
Deposits	<u>\$ 3,358,774</u>	<u>\$ 628,986</u>	<u>\$ 554,162</u>	<u>\$ 3,433,598</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 3,358,774</u></b>	<b><u>\$ 628,986</u></b>	<b><u>\$ 554,162</u></b>	<b><u>\$ 3,433,598</u></b>

**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, 2018 AND 2019

	2018	2019
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 16,460,926	\$ 16,460,926
Construction in progress	746,526	746,526
Building	5,964,291	6,005,505
Machinery and Equipment	5,358,080	5,459,478
Improvements	15,990,579	16,219,671
Infrastructure	113,870,269	116,128,714
Vehicles	3,923,262	3,828,398
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 162,313,933</b>	<b>\$ 164,849,218</b>
	2018	2019
<b>INVESTMENTS IN GOVERNMENTAL FUNDS</b>		
<b>CAPITAL ASSETS BY SOURCE</b>		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,770,435	2,900,986
Capital Reserve Fund	5,243,954	5,243,954
Host Community Fees Fund	142,075,717	144,480,451
Donations	5,741,587	5,741,587
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 162,313,933</b>	<b>\$ 164,849,218</b>

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

FOR THE YEAR ENDED DECEMBER 31, 2019

Function and Activity	Land	Construction in progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Total
<b>General government:</b>								
Supervisors			\$ 29,444		\$ 6,739			\$ 36,183
Manager			41,214		17,741			58,955
Finance and Administration			2,690,051		600,805			3,290,856
Other-unclassified		\$ 746,526	458,969	15,600	87,872			1,308,967
<b>Total general government</b>	-	746,526	3,219,678	15,600	713,157	-	-	4,694,961
<b>Public Safety</b>								
Police			188,233		2,098,926		\$ 1,947,017	\$ 4,234,176
Fire and Emergency					44,204		142,289	186,493
License and Inspection					46,847		86,885	133,732
<b>Total public safety</b>		-	188,233	-	2,189,977	-	2,176,191	4,554,401
<b>Highways and Streets.</b>								
Engineering			\$ 646,771			\$ 6,648,259		\$ 7,295,030
Maintenance				\$ 19,375	\$ 2,225,719	268,911	\$ 1,570,754	4,084,759
Street System	\$ 1,757,000					109,211,544		110,968,544
<b>Total highways and streets</b>	1,757,000	-	646,771	19,375	2,225,719	116,128,714	1,570,754	122,348,333
<b>Culture and recreation</b>	14,703,926	-	1,950,823	16,184,696	330,825	-	81,453	33,251,523
<b>Total governmental funds capital assets</b>	\$ 16,460,926	\$ 746,526	\$ 6,005,505	\$ 16,219,671	\$ 5,459,478	\$ 116,128,714	\$ 3,828,398	\$ 164,849,218

**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, 2019

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>December 31, 2019</u>
<b>General Government</b>				
Supervisors	\$ 36,183	\$ -	\$ -	\$ 36,183
Manager	17,741	41,214	-	58,955
Finance and Administration	3,817,338	57,622	-	3,874,960
Other-Unclassified	720,505	15,600	-	736,105
<b>Total general government</b>	<u>4,591,767</u>	<u>114,436</u>	<u>-</u>	<u>4,706,203</u>
<b>Public Safety</b>				
Police	4,348,280	254,332	379,678	4,222,934
Fire and Emergency Management	215,473	-	28,980	186,493
License and Inspection	151,145	-	17,413	133,732
<b>Total public safety</b>	<u>4,714,898</u>	<u>254,332</u>	<u>426,071</u>	<u>4,543,159</u>
<b>Highway and Streets</b>				
Engineering	6,555,378	739,652	-	7,295,030
Maintenance	3,927,257	157,502	-	4,084,759
Street system	109,476,702	1,491,842	-	110,968,544
<b>Total highways and streets</b>	<u>119,959,337</u>	<u>2,388,996</u>	<u>-</u>	<u>122,348,333</u>
<b>Culture and recreation</b>	<u>33,047,931</u>	<u>213,492</u>	<u>9,900</u>	<u>33,251,523</u>
<b>Total governmental funds capital assets</b>	<u>\$ 162,313,933</u>	<u>\$ 2,971,256</u>	<u>\$ 435,971</u>	<u>\$ 164,849,218</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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities</b>										
Net position, invested in capital assets	\$ 87,863,974	\$ 89,222,686	\$ 91,172,798	\$ 92,304,493	\$ 94,701,771	\$ 96,366,263	\$ 95,245,962	\$ 89,871,750	\$ 88,258,738	\$ 85,897,168
Restricted	2,131,956	1,937,753	1,853,004	1,130,649	616,792	693,937	864,626	1,137,956	1,095,729	654,164
Unrestricted	25,371,740	17,496,375	18,581,076	16,378,231	18,405,489	36,613,764	40,705,849	47,395,896	51,226,521	55,366,230
<b>Total governmental activities net position</b>	<b>\$ 115,367,670</b>	<b>\$ 108,656,814</b>	<b>\$ 111,606,878</b>	<b>\$ 109,813,373</b>	<b>\$ 113,724,052</b>	<b>\$ 133,673,964</b>	<b>\$ 136,816,437</b>	<b>\$ 138,405,602</b>	<b>\$ 140,580,988</b>	<b>\$ 141,917,562</b>
<b>Business-type activities</b>										
Net position, invested in capital assets	\$ 162,700	\$ 164,673	\$ 166,646	\$ 168,619	\$ 170,592	\$ 172,565	\$ 174,538	\$ 176,511	\$ 178,484	\$ 180,457
Restricted	(122,927)	(165,406)	(132,911)	(126,453)	(104,443)	(155,686)	(175,414)	(203,530)	(155,653)	(256,693)
Unrestricted										
<b>Total business-type activities net position</b>	<b>\$ 39,773</b>	<b>\$ (733)</b>	<b>\$ 33,735</b>	<b>\$ 42,166</b>	<b>\$ 66,149</b>	<b>\$ 16,879</b>	<b>\$ (876)</b>	<b>\$ (27,019)</b>	<b>\$ 22,831</b>	<b>\$ (76,236)</b>
<b>Primary government</b>										
Net position, invested in capital assets	\$ 88,026,674	\$ 89,387,359	\$ 91,339,444	\$ 92,473,112	\$ 94,872,363	\$ 96,538,828	\$ 95,420,500	\$ 90,048,261	\$ 88,437,222	\$ 85,077,625
Restricted	2,131,956	1,937,753	1,853,004	1,130,649	616,792	693,937	864,626	1,137,956	1,095,729	654,164
Unrestricted	25,248,813	17,330,969	18,448,165	16,251,778	18,301,046	36,458,178	40,530,435	47,192,366	51,070,958	55,107,537
<b>Total primary government net position</b>	<b>\$ 115,407,443</b>	<b>\$ 108,656,081</b>	<b>\$ 111,640,613</b>	<b>\$ 109,855,539</b>	<b>\$ 113,790,201</b>	<b>\$ 133,690,943</b>	<b>\$ 136,815,561</b>	<b>\$ 138,378,583</b>	<b>\$ 140,603,999</b>	<b>\$ 141,839,326</b>

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

Source: Falls Township records

TOWNSHIP OF FALLS  
Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 3,249,482	\$ 2,873,517	\$ 2,777,044	\$ 2,526,600	\$ 2,604,253	\$ 2,713,828	\$ 2,573,012	\$ 2,415,703	\$ 2,240,103	\$ 2,139,446
Public safety	16,036,113	18,673,866	18,450,556	18,063,659	17,048,216	16,080,941	15,554,489	14,568,906	14,122,814	13,656,438
Public works - highways and street	6,523,490	6,304,948	6,143,092	5,964,181	6,112,069	6,196,874	5,817,812	5,530,481	5,289,057	5,078,350
Culture and recreation	1,457,548	1,702,130	1,647,909	1,583,519	1,381,797	1,826,865	1,902,802	1,837,690	1,782,852	1,477,633
Debt service interest										
<b>Total governmental activities expenses:</b>	<u>27,266,633</u>	<u>29,554,461</u>	<u>29,018,601</u>	<u>28,137,959</u>	<u>27,148,335</u>	<u>28,820,508</u>	<u>25,846,115</u>	<u>24,372,380</u>	<u>23,434,826</u>	<u>22,351,867</u>
<b>Business-type activities</b>										
Water										
Sewer										
Pinewood Pool	208,208	220,009	186,823	201,255	191,930	169,094	222,846	226,079	215,598	198,378
<b>Total business-type activities expenses:</b>	<u>208,208</u>	<u>220,009</u>	<u>186,823</u>	<u>201,255</u>	<u>191,930</u>	<u>169,094</u>	<u>222,846</u>	<u>226,079</u>	<u>215,598</u>	<u>198,378</u>
<b>Total primary government expenses:</b>	<u>\$ 27,474,841</u>	<u>\$ 29,774,470</u>	<u>\$ 29,205,424</u>	<u>\$ 28,339,214</u>	<u>\$ 27,338,265</u>	<u>\$ 28,989,602</u>	<u>\$ 26,070,961</u>	<u>\$ 24,598,459</u>	<u>\$ 23,650,424</u>	<u>\$ 22,550,245</u>
<b>Program revenues</b>										
<b>Governmental activities</b>										
Charges for services	\$ 1,189,498	\$ 1,084,762	\$ 1,186,042	\$ 1,221,268	\$ 1,126,255	\$ 1,089,257	\$ 1,021,066	\$ 953,299	\$ 945,872	\$ 911,525
Public safety	2,016,786	1,664,920	1,710,954	1,683,666	1,562,830	1,547,850	1,537,430	1,496,699	1,431,035	1,394,309
Public works - highways and street	58,116	88,563	49,849	40,756	83,773	55,208	140,425	59,570	38,004	50,025
Culture and recreation	216,936	189,182	203,229	183,297	154,321	155,373	178,347	174,219	180,091	153,921
Operating grants & contribution										
General government	883,379	827,363	633,179	704,953	600,873	630,338	628,019	579,781	867,321	514,492
Public safety	257,363	247,377	263,627	300,765	279,659	296,721	312,828	278,797	467,220	328,894
Public works - highways and streets	971,833	1,178,465	1,160,217	893,062	737,750	822,537	702,500	864,175	645,539	959,143
Culture and recreation	3,245	4,859	6,800	4,718	12,468	670	30	32	-	2,500
<b>Total governmental activities program revenue:</b>	<u>5,597,156</u>	<u>5,285,351</u>	<u>5,195,897</u>	<u>5,032,485</u>	<u>4,557,929</u>	<u>4,597,954</u>	<u>4,520,645</u>	<u>4,406,572</u>	<u>4,575,082</u>	<u>4,114,809</u>
<b>Business-type activities</b>										
Charges for service										
Water										
Sewer										
Pinewood Pool	198,714	185,525	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498
<b>Total business-type activities program revenue:</b>	<u>198,714</u>	<u>185,525</u>	<u>178,392</u>	<u>177,272</u>	<u>184,100</u>	<u>156,949</u>	<u>173,989</u>	<u>176,139</u>	<u>166,755</u>	<u>140,498</u>
<b>Total primary government program revenue:</b>	<u>\$ 5,795,870</u>	<u>\$ 5,470,876</u>	<u>\$ 5,374,289</u>	<u>\$ 5,209,757</u>	<u>\$ 4,742,029</u>	<u>\$ 4,754,903</u>	<u>\$ 4,694,634</u>	<u>\$ 4,582,711</u>	<u>\$ 4,741,837</u>	<u>\$ 4,255,307</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (21,669,477)	\$ (24,269,110)	\$ (23,822,704)	\$ (23,105,474)	\$ (22,588,406)	\$ (22,222,554)	\$ (21,327,470)	\$ (19,965,808)	\$ (18,859,744)	\$ (18,237,058)
Business-type activities	(9,494)	(34,484)	(8,431)	(23,983)	(7,830)	(12,145)	(48,857)	(49,940)	(48,843)	(57,890)
<b>Total primary government net expense:</b>	<u>\$ (21,678,971)</u>	<u>\$ (24,303,594)</u>	<u>\$ (23,831,135)</u>	<u>\$ (23,129,457)</u>	<u>\$ (22,596,236)</u>	<u>\$ (22,234,699)</u>	<u>\$ (21,376,327)</u>	<u>\$ (20,015,748)</u>	<u>\$ (18,908,587)</u>	<u>\$ (18,294,938)</u>

Fiscal Year

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General revenues and other changes in net position</b>										
<b>Governmental activities</b>										
Property taxes, levied for general purposes:	\$ 2,372,703	\$ 2,285,129	\$ 2,284,653	\$ 2,261,598	\$ 2,265,364	\$ 2,270,450	\$ 2,263,235	\$ 2,274,529	\$ 2,279,128	\$ 2,280,492
Real estate transfer taxes	1,105,489	836,009	843,218	831,173	727,455	664,784	888,764	582,059	361,953	323,164
Local Services taxes	858,484	644,855	399,195	418,864	406,667	404,511	371,842	371,546	376,399	402,011
Mechanical device tax	39,161	35,138	34,201	31,414	32,015	34,285	34,023	33,583	36,372	32,513
Other taxes	13,120	13,075	13,105	14,279	14,279	14,173	13,288	14,328	12,938	13,539
Payment in lieu of taxes:		75,000	75,000	74,650	75,000	75,000	75,000	75,459	75,000	75,000
Contributions not restricted to specific program:	23,098,151	24,172,523	21,706,453	15,286,922	14,298,232	15,419,498	16,082,578	14,104,136	13,179,521	11,979,130
Investment earnings	951,214	508,272	182,793	222,764	161,521	176,550	37,434	288,465	958,489	1,113,180
Miscellaneous revenues	192,011	163,838	77,591	79,525	72,437	46,510	77,141	46,327	529,619	54,826
Gain / Loss on sale of capital asset	-	16,954	-	3,586	-	4,320	-	-	-	-
Transfers	(50,000)	-	-	-	(57,000)	(30,000)	(75,000)	-	(150,000)	(70,000)
<b>Total governmental activities</b>	<b>28,380,333</b>	<b>28,750,793</b>	<b>25,616,209</b>	<b>19,194,795</b>	<b>17,995,990</b>	<b>19,080,081</b>	<b>19,736,305</b>	<b>17,790,422</b>	<b>17,659,419</b>	<b>16,203,855</b>
<b>Business-type activities</b>										
Investment earnings	-	16	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	30,000	75,000	-	150,000	70,000
Transfers	50,000	-	-	-	57,000	30,000	75,000	-	150,000	70,000
<b>Total business-type activities</b>	<b>50,000</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>57,000</b>	<b>30,000</b>	<b>75,000</b>	<b>-</b>	<b>150,000</b>	<b>70,000</b>
<b>Total primary government</b>	<b>\$ 28,430,333</b>	<b>\$ 28,750,809</b>	<b>\$ 25,616,209</b>	<b>\$ 19,194,795</b>	<b>\$ 18,052,990</b>	<b>\$ 19,110,081</b>	<b>\$ 19,813,305</b>	<b>\$ 17,790,422</b>	<b>\$ 17,809,419</b>	<b>\$ 16,273,855</b>
<b>Change in net position</b>										
Governmental activities	\$ 6,710,856	\$ 4,481,663	\$ 1,793,505	\$ (3,910,679)	\$ (4,592,416)	\$ (3,142,473)	\$ (1,589,165)	\$ (2,175,366)	\$ (1,200,325)	\$ (2,033,203)
Business-type activities	40,506	(34,468)	(8,431)	(23,983)	49,170	17,855	26,143	(49,940)	101,157	12,120
<b>Total primary government</b>	<b>\$ 6,751,362</b>	<b>\$ 4,447,195</b>	<b>\$ 1,785,074</b>	<b>\$ (3,934,662)</b>	<b>\$ (4,543,246)</b>	<b>\$ (3,124,618)</b>	<b>\$ (1,563,022)</b>	<b>\$ (2,225,326)</b>	<b>\$ (1,099,168)</b>	<b>\$ (2,021,083)</b>

Source: Falls Township records

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Fund</b>										
Nonspendable:										
Prepaid items	\$ 515,138	\$ 526,682	\$ 477,349	\$ 476,441	\$ 230,604	\$ 233,547	\$ 196,903	\$ 204,163	\$ 169,290	
Assigned to:										
Capital Projects	8,619,178	8,102,212	4,561,979	16,522,982	9,834,657	9,201,402	8,429,891	17,326,670	10,520,582	
Subsequent year's budget	-	-	-	-	107,497	798,013	8,932,781	9,926,276	818,577	
Unassigned	40,484,753	35,759,191	32,186,591	17,372,557	25,226,617	26,488,008	22,781,297	14,616,130	24,783,566	
Unreserved										\$ 1,224,634
Reserved										175,009
<b>Total General fund</b>	<b>\$ 49,619,069</b>	<b>\$ 44,388,085</b>	<b>\$ 37,225,919</b>	<b>\$ 34,371,980</b>	<b>\$ 35,399,375</b>	<b>\$ 36,720,870</b>	<b>\$ 40,340,962</b>	<b>\$ 42,073,239</b>	<b>\$ 36,292,015</b>	<b>\$ 1,399,643</b>
<b>All other governmental funds</b>										
Nonspendable:										
Prepaid items	\$ 14,731	\$ 19,472	\$ 18,259	\$ 18,992	\$ 6,819	\$ 5,261	\$ -	\$ -	\$ -	
Restricted for:										
Culture and recreation	191,871	158,593	150,597	5,798	-	-	-	120,605	333,961	
Fire protection	822	106	-	-	-	-	-	1,663	-	
Library support	19,072	15,927	5,429	4,978	4,722	3,509	1,929	372	922	
Rescue squad services	454,796	451,296	448,500	447,261	446,485	446,335	446,235	-	135	
Recycling expenditures	105,256	81,228	56,311	33,123	10,845	-	-	448,108	445,943	
Fire hydrant	1,001,178	918,569	929,108	430,561	52,404	178,854	222,604	427,175	290,572	
Highway and Street Lighting	240,874	215,732	200,251	172,011	113,158	65,239	-	-	-	
Crime prevention	118,959	96,408	62,808	36,917	-	-	193,858	141,833	24,196	
Assigned to:										
Capital projects	2,176,209	2,097,933	2,150,376	2,227,944	2,371,834	2,978,281	3,054,331	7,590,030	16,576,441	
Unassigned	(1,141)	(3,192)	(21,693)	(16,507)	(52,215)	(61,846)	(201,774)	(128,119)	(63,334)	
Unreserved, reported in:										
Special revenue funds										\$ 38,871,974
Permanent funds										65,642
Capital projects funds										111,729
Reserved, reported in:										
Capital projects funds										16,795,212
<b>Total all other governmental funds</b>	<b>\$ 4,322,577</b>	<b>\$ 4,052,072</b>	<b>\$ 3,999,946</b>	<b>\$ 3,361,078</b>	<b>\$ 2,954,052</b>	<b>\$ 3,615,633</b>	<b>\$ 3,717,183</b>	<b>\$ 8,599,867</b>	<b>\$ 17,608,836</b>	<b>\$ 55,844,557</b>
<b>Total Governmental Funds</b>	<b>\$ 53,941,646</b>	<b>\$ 48,440,157</b>	<b>\$ 41,225,865</b>	<b>\$ 37,733,058</b>	<b>\$ 38,353,427</b>	<b>\$ 40,336,603</b>	<b>\$ 44,058,145</b>	<b>\$ 50,673,106</b>	<b>\$ 53,900,851</b>	<b>\$ 57,244,200</b>

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
<b>Taxes</b>										
Property	\$ 2,357,216	\$ 2,311,956	\$ 2,272,548	\$ 2,265,864	\$ 2,261,982	\$ 2,284,798	\$ 2,268,738	\$ 2,268,828	\$ 2,279,211	\$ 2,269,754
Real estate transfer	1,105,489	836,009	843,218	831,173	727,455	664,784	858,764	582,059	361,953	323,164
Local Services tax	658,301	643,235	396,014	420,501	400,136	410,435	371,787	371,209	376,414	401,538
Mechanical device	39,161	35,138	34,201	31,414	32,015	34,285	34,023	33,583	36,372	32,513
Motor Fuel tax	968,286	947,675	901,513	864,028	737,650	671,686	621,321	633,435	633,393	620,034
Payment in lieu of taxes	-	75,000	74,999	74,649	75,000	75,000	75,000	75,459	75,000	75,000
Host Community fees	23,088,151	24,172,523	21,706,453	15,256,922	14,298,232	15,419,488	16,082,578	14,104,136	13,079,521	11,529,130
Licenses and permits	823,140	873,720	868,497	878,272	853,011	840,523	816,356	797,257	749,112	737,645
Fines and forfeits	185,468	194,345	233,942	183,350	200,543	182,573	200,345	186,362	162,229	204,078
Interest earnings	951,214	508,273	182,794	223,763	161,521	176,550	37,431	288,457	1,210,431	1,223,805
Rents	72,875	60,535	39,427	90,103	73,959	99,532	104,771	98,081	135,933	81,190
Intergovernmental	1,126,494	1,169,887	1,126,259	979,318	866,063	905,382	973,464	1,070,995	1,327,844	1,163,164
Charges for services	2,366,188	2,049,040	1,979,522	1,977,827	1,837,137	1,697,430	1,747,987	1,627,088	1,711,050	1,939,089
Contributions and donations	60,890	136,387	68,206	73,745	41,928	187,371	62,685	33,588	33,035	38,510
Refunds of prior years	185,374	-	85,187	97,448	71,384	42,788	34,674	34,101	30,278	26,646
Miscellaneous	-	-	-	-	-	-	-	-	115	1,946
<b>Total revenue</b>	<b>33,998,247</b>	<b>34,076,181</b>	<b>30,812,780</b>	<b>24,247,377</b>	<b>22,638,016</b>	<b>23,692,635</b>	<b>24,289,924</b>	<b>22,204,618</b>	<b>22,201,891</b>	<b>20,667,206</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	3,035,914	2,692,124	2,525,235	2,338,372	2,424,751	2,525,187	2,389,076	2,283,123	2,091,505	1,992,847
Public safety	18,341,650	17,741,879	17,637,681	16,974,695	15,868,682	15,253,208	14,903,972	13,802,918	13,315,061	13,271,102
Public works - highway and street	3,174,345	3,173,868	3,020,790	2,867,881	3,093,416	3,258,566	3,035,945	2,905,706	2,830,061	2,620,414
Culture and recreation	929,820	1,187,073	1,093,359	1,028,753	978,519	1,020,866	1,134,638	1,046,577	1,055,873	903,860
Capital outlay	-	-	-	-	-	-	-	-	-	-
General government	114,438	-	215,145	10,121	365,577	240,184	399,969	65,462	185,690	23,241
Public safety	254,332	224,753	284,707	280,549	105,110	150,105	839,433	277,014	307,440	325,579
Highways and streets	2,388,996	1,610,871	2,174,529	761,630	635,971	4,793,746	6,888,844	4,303,795	3,932,673	1,823,288
Culture and recreation	213,490	248,275	388,527	609,331	1,099,615	146,635	1,277,434	758,629	1,554,258	710,658
Debt service principal	-	-	-	-	-	-	-	-	-	-
Debt service interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>28,452,985</b>	<b>26,878,843</b>	<b>27,319,973</b>	<b>24,871,332</b>	<b>24,571,841</b>	<b>27,388,497</b>	<b>30,869,311</b>	<b>25,443,224</b>	<b>25,272,761</b>	<b>21,670,989</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>5,545,262</b>	<b>7,197,338</b>	<b>3,492,807</b>	<b>(623,955)</b>	<b>(1,933,825)</b>	<b>(3,695,862)</b>	<b>(6,579,387)</b>	<b>(3,238,606)</b>	<b>(3,070,870)</b>	<b>(1,003,783)</b>

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other financing sources(uses)										
Transfer in	550,000	462,000	620,000	856,900	684,000	558,000	5,352,064	9,309,500	463,700	12,580,837
Transfer out	(600,000)	(462,000)	(620,000)	(856,900)	(741,000)	(588,000)	(5,427,064)	(9,309,500)	(613,700)	(12,660,837)
Sale of capital assets	6,227	16,954	-	3,586	7,449	4,320	39,426	10,861	13,770	823
Total other financing sources(uses)	(43,773)	16,954	-	3,586	(49,551)	(25,680)	(35,574)	10,861	(136,230)	(69,177)
Net change in fund balance	\$ 5,501,489	\$ 7,214,292	\$ 3,492,807	\$ (620,369)	\$ (1,983,176)	\$ (3,721,542)	\$ (6,614,961)	\$ (3,227,745)	\$ (3,207,100)	\$ (1,072,960)

Debt service as a percentage of non-capital expenditures

	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Source: Falls Township records

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

<u>Year ending December 31,</u>	<u>Property</u>	<u>Local Services</u>	<u>Real Estate Transfer</u>	<u>Mechanical Device</u>	<u>Total</u>
2010	\$ 2,280,492	\$ 402,011	\$ 323,164	\$ 32,513	\$ 3,038,180
2011	2,279,211	376,414	361,953	36,372	3,053,950
2012	2,268,828	371,209	582,059	33,583	3,255,679
2013	2,268,738	371,787	858,764	34,023	3,533,312
2014	2,284,798	410,435	664,784	34,285	3,394,302
2015	2,261,982	400,136	727,455	32,015	3,421,588
2016	2,265,864	420,501	831,173	31,414	3,548,952
2017	2,272,548	396,014	843,218	34,201	3,545,981
2018	2,311,956	643,235	836,009	35,138	3,826,338
2019	2,357,216	658,301	1,105,489	39,161	4,160,167

Sources: Township documents



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

Year	Real Property Assessed Value <sup>(a)</sup>	Less: Tax Exempt Property	Total Taxable Assessed Value	Estimated Actual Values of Real Property	Ratio of Total Assessed Value to Total Estimated Actual Value <sup>(b)</sup>	Falls Twp Municipal Millage Rate
2010	\$ 380,379,040	\$ 60,975,730	\$ 319,403,310	\$ 4,148,081,134	9.17%	7.22
2011	379,439,470	61,043,290	318,396,180	4,287,451,638	8.85%	7.22
2012	378,157,270	60,545,010	317,612,260	4,083,771,814	9.26%	7.22
2013	378,687,490	60,508,530	318,178,960	4,165,978,988	9.09%	7.22
2014	378,528,240	60,583,740	317,944,500	4,087,777,970	9.26%	7.22
2015	374,049,820	55,541,880	318,507,940	4,226,551,638	8.85%	7.22
2016	374,211,350	55,731,820	318,479,530	4,153,289,123	9.01%	7.22
2017	376,243,400	55,731,820	320,511,580	4,102,981,461	9.17%	7.22
2018	376,669,280	55,773,300	320,895,980	3,915,481,081	9.62%	7.22
2019	376,818,470	45,097,760	331,720,710	3,541,526,974	10.64%	7.22

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

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

<sup>(b)</sup> 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>	
2010	7.22	0.00	7.22	21.94	150.300	179.460
2011	7.22	0.00	7.22	23.20	150.300	180.720
2012	7.22	0.00	7.22	23.20	150.300	180.720
2013	7.22	0.00	7.22	23.20	150.300	180.720
2014	7.22	0.00	7.22	23.20	153.450	183.870
2015	7.22	0.00	7.22	23.20	157.890	188.310
2016	7.22	0.00	7.22	23.20	161.360	191.780
2017	7.22	0.00	7.22	23.20	165.060	195.480
2018	7.22	0.00	7.22	24.45	167.540	199.210
2019	7.22	0.00	7.22	24.45	170.076	201.746

(a) Information supplied by Falls Township Tax Collector

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

Taxpayer	Type of Business	2019			2010		
		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	1.90%	\$ 6,314,040	1	1.98%
USX Corp / United States Steel Corp	Industrial	5,969,240	2	1.80%			
Healey, Robert T. & William J.	Apartment	4,935,880	3	1.49%	4,974,720	2	1.56%
Pennwood Management LLC	Mobile Home Park	4,579,320	4	1.38%	4,579,320	3	1.43%
National Prop. Investments/Village Pennbrook 2 LLC	Apartment	4,320,000	5	1.30%	4,320,000	4	1.35%
WMI Properties	Industrial	4,001,400	6	1.21%	4,001,400	5	1.25%
K-Mart Corporation / Fairsan Co LLC	Industrial	3,108,000	7	0.94%	3,108,000	6	0.97%
Wheelabrator Falls Inc.	Industrial	2,616,770	8	0.79%	2,616,770	8	0.82%
General Motors LLC	Industrial	2,070,490	9	0.62%	2,811,270	7	0.88%
Bucks County Economic Development Corp.	Development	1,842,770	10	0.56%	2,381,490	9	0.75%
Pennlake Realty Associates	Apartment				1,773,600	10	0.56%
<b>Totals</b>		<b>\$ 39,757,910</b>		<b>11.99%</b>	<b>\$ 36,880,610</b>		<b>11.55%</b>

(a) Total Assessed Valuation equal to \$ 331,720,710

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>
2010	2,305,916	2,215,102	96.06%	90,622	2,305,724	99.992%
2011	2,305,950	2,213,694	96.00%	92,064	2,305,758	99.992%
2012	2,298,820	2,203,440	95.85%	95,170	2,298,610	99.991%
2013	2,293,161	2,202,566	96.05%	90,272	2,292,838	99.986%
2014	2,297,252	2,208,350	96.13%	88,539	2,296,889	99.984%
2015	2,295,559	2,211,958	96.36%	83,124	2,295,082	99.979%
2016	2,298,187	2,197,967	95.64%	99,182	2,297,149	99.955%
2017	2,303,287	2,214,456	96.14%	86,970	2,301,426	99.919%
2018	2,313,387	2,234,824	96.60%	60,512	2,295,336	99.220%
2019	2,395,023	2,305,707	96.27%	-	2,305,707	96.271%

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				
2010	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -
2011	-	-	-	-	-	0.00%	-	-
2012	-	-	-	-	-	0.00%	-	-
2013	-	-	-	-	-	0.00%	-	-
2014	-	-	-	-	-	0.00%	-	-
2015	-	-	-	-	-	0.00%	-	-
2016	-	-	-	-	-	0.00%	-	-
2017	-	-	-	-	-	0.00%	-	-
2018	-	-	-	-	-	0.00%	-	-
2019	-	-	-	-	-	0.00%	-	-

Source: Falls Township records

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

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

<u>Year</u>	<u>Population(a)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2010	34,300	\$ 319,403,310	\$ -	\$ -	\$ -	0.000	\$ -
2011	33,522	318,396,180	-	-	-	0.000	-
2012	34,300	317,612,260	-	-	-	0.000	-
2013	34,300	318,178,960	-	-	-	0.000	-
2014	34,367	317,944,500	-	-	-	0.000	-
2015	33,901	318,507,940	-	-	-	0.000	-
2016	33,714	318,479,530	-	-	-	0.000	-
2017	33,909	320,511,580	-	-	-	0.000	-
2018	33,769	320,895,980	-	-	-	0.000	-
2019	33,520	331,720,710	-	-	-	0.000	-

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

Source: Falls Township records

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

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

**TOWNSHIP OF FALLS**  
**Direct & Overlapping Governmental Activities Debt**  
**December 31, 2019**

<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)	160,445,000	35.89%	57,583,711
Bucks County (c)	<u>218,046,000</u>	4.00%	<u>8,721,840</u>
 Total - Overlapping Debt	 \$ 378,491,000		 \$ 66,305,551

Sources:

(a) Falls Township financial records

(b) Pennsbury School District Business Office

(c) Bucks County Finance Office

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

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

**TOWNSHIP OF FALLS**  
**Legal Debt Margin Information**  
 Last Ten Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222	\$ 69,543,568	\$ 77,510,227
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222	\$ 69,543,568	\$ 77,510,227
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Year 2017**

Borrowing Base Revenues: (a)	
2017	\$ 28,927,349
2018	32,003,782
2019	32,081,141
	<u>\$ 93,012,272</u>

Average Borrowing Base Revenues:	
Debt Limit Percentage	X
	\$ 31,004,091
Debt Limit	250.00%
Less: Total Amount Of Debt Applicable to Debt Limit (b)	\$ 77,510,227
Legal Debt Margin	\$ 77,510,227

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

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

Source: Falls Township records



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

<u>Year</u>	<u>Gross Revenues (a)</u>	<u>Operating Expenses (b)</u>	<u>Net Revenues Available (Unavailable) for Debt Service</u>	<u>Debt Requirements</u>	<u>Coverage</u>
2010	\$ -	\$ -	\$ -	\$ -	0.00
2011	-	-	-	-	0.00
2012	-	-	-	-	0.00
2013	-	-	-	-	0.00
2014	-	-	-	-	0.00
2015	-	-	-	-	0.00
2016	-	-	-	-	0.00
2017	-	-	-	-	0.00
2018	-	-	-	-	0.00
2019	-	-	-	-	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>
2010	34,300	N/A	11,362	38	0.33%	6.8%
2011	33,522	N/A	10,967	32	0.29%	6.7%
2012	34,300	N/A	10,605	30	0.28%	7.2%
2013	34,300	N/A	10,673	30	0.28%	5.4%
2014	34,367	N/A	10,457	29	0.28%	4.3%
2015	33,901	N/A	10,477	28	0.27%	3.6%
2016	33,714	N/A	10,340	29	0.28%	3.9%
2017	33,969	N/A	10,530	18	0.17%	3.8%
2018	33,769	N/A	10,342	12	0.12%	3.2%
2019	33,520	N/A	9,990	18	0.18%	4.2%

**Data Sources:**

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

(b) Pennsbury School District, as of 6/30/19

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

N/A Data not available

**TOWNSHIP OF FALLS**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	Description	2019			2010		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Pennsbury School District	Public Education	946	1	3.07%	985	2	3.97%
Aria Health - Bucks County Campus	Hospital	534	2	1.73%	1,061	1	4.28%
Eckerd/Rite Aid	Warehouse/Retail Store	496	3	1.61%	529	3	2.13%
Priva LLC	Home Health Care	285	4	0.93%			
Peruzzi	Auto Sales	223	5	0.72%	168	8	0.68%
Home Depot	Retail Store	192	6	0.62%	183	7	0.74%
U-Haul Company of PA	Manufacturing	187	7	0.61%			
Abington Reidan Metals	Metals Refinery	183	8	0.59%			
Kmart Distribution Center	Warehouse Distribution	173	9	0.56%	441	4	1.78%
Univar	Chemicals	171	10	0.56%			
Giant Supermarkets	Grocery Store				156	9	0.63%
Gamesa Wind	Alternative Energy				246	5	0.99%
Waste Management	Waste Collector				219	6	0.88%
General Motors	Automobiles				100	10	0.40%
<b>Total</b>		<b>3,390</b>		<b>11.01%</b>	<b>4,088</b>		<b>16.48%</b>

Source: Respective Companies and Township Records

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	16	16	16	16	16	16	16	18	18	18
Public Safety										
Police										
Officers	52	53	51	51	51	51	52	51	52	50
Civilians	7	7	7	7	7	7	7	7	6	6
Fire										
Civilians	4	4	4	4	4	4	4	4	4	4
Highway and Streets										
Maintenance	15	16	16	16	16	16	17	17	16	17
Sanitation										
Culture and Recreation	3	3	3	3	4	3	2	2	2	2
Water	0	0	0	0	0	0	0	0	0	0
Sewer	0	0	0	0	0	0	0	0	0	0
Totals	<u>97</u>	<u>99</u>	<u>97</u>	<u>97</u>	<u>98</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>98</u>	<u>97</u>

Sources: Township documents

FALLS TOWNSHIP  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Arrests	1,050	872	847	873	912	763	1,003	835	944	777
Parking Violations	296	107	125	192	106	70	219	178	246	209
Traffic Violations	2,076	1,283	1,403	1,413	1,958	1,967	3,423	3,445	2,806	1,409
Animal Control Investigations	341	326	272	272	255	224	320	348	469	408
Fire										
Number of calls answered	1,584	1,518	1,494	1,416	1,475	1,521	1,470	1,578	1,569	1,554
License and Inspection										
Business Licenses	1,360	1,384	1,481	1,363	1,764	1,404	1,902	1,799	2,122	1,980
Building Permits	737	747	564	645	571	777	553	522	453	524
Electrical Permits	332	331	430	445	495	459	596	533	603	674
Highways and Streets										
Road Reconstruction (lineal feet)	6,450	6,848	11,939	11,596	-	-	-	1,300	3,568	2,955
Culture and Recreation										
Community Park Watercraft Permits	180	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community Park Pavillion Rentals	100	99	103	87	84	93	90	84	116	119
Water										
Water Permits	-	-	-	-	-	-	-	-	-	-
Sewer										
Sewer Permits	-	-	-	-	-	-	-	-	-	-

Sources: Various government departments

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

FALLS TOWNSHIP  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Function</b>										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	53	55	55	60	59	57	57	56	54	45
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75
Streetlights - R	2465	2465	2465	2465	2465	2465	2465	2465	2465	2465
Streetlights - H	83	83	83	83	83	83	83	83	83	83
Traffic Signals	34	34	34	34	34	34	34	34	34	34
Culture and Recreation										
Parks Acreage	413.11	413.33	413.33	413.33	413.33	413.33	413.33	413.33	413.33	413.33
Parks	16	16	16	16	16	16	16	16	16	16
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains	3290	3290	3290	3290	3290	3290	3290	3290	3290	3290
Sewer										
Sanitary Sewers	-	-	-	-	-	-	-	-	-	-

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

TOWNSHIP OF FALLS  
 Schedule of Insurance  
 As of December 31, 2019

Name of Company	Policy Number	Policy Period		Type of Coverage	Liability Limits	Deductible	Annual Premium
		From	To				
Delaware Valley Insurance Trust	DWVCT RISK POOL	1/1/2019	1/1/2020	Workers Compensation	\$1M/\$1M/\$1M	\$ -	\$ 448,424
	DWVCT RISK POOL	1/1/2019	1/1/2020	Heart & Lung Act	100,000	\$ -	34,405
Fidelity & Deposit	POB08877912	3/24/2019	3/24/2020	Public Official Bond for Manager	2,000,000	\$ -	\$ 2,619
	POB08927696	5/1/2019	5/1/2020	Public Official Bond for Finance Dir	2,000,000	-	2,619
	POB09107657	1/1/2019	1/1/2020	Public Official Bond for Sec/Treas	2,000,000	-	2,619
AIG Insurance Co / National Union Fire Insurance Co	SRG9142988/2979/2980	1/1/2019	1/1/2020	Volunteer Accident for Vol Fire Cos.	250,000	\$ -	\$ 1,898
	SRG9147638	10/24/2019	10/24/2020	Blanket Accident for Volunteers	250,000	-	594
	SRG9141599-A	2/12/2019	2/12/2020	Volunteer Accident for LPH Rescue	250,000	-	1,368
Traveler's	630-1H335843	6/18/2019	6/18/2020	Property	21,221,512	\$ 5,000	\$ 31,723
	ZLP-15T47305			General Liability	3,000,000	-	59,397
	ZLP-15T47305			Employment Practices Liability	1,000,000	15,000	Included
	630-1H335843			Crime	As Specified	As Specified	Included
	810-2C412812			Automobile	1,000,000	1,000	128,485
	ZUP-41M59670			Umbrella	10,000,000	10,000	37,176
	ZLP-15T47305			Public Officials Liability	1,000,000	10,000	Included
	ZLP-15T47305			Law Enforcement Liability	1,000,000	15,000	59,052
Traveler's	ZLP-15T47305			Employee Benefits Liability	3,000,000	1,000	Included
	630-1H335843			Inland Marine	1,000,000	50,000	Included
Traveler's	ZPL-91M61525	6/17/2019	6/17/2020	Cyber Liability / Computers	25,000	\$ 1,000	\$ 4,630
Crum & Forster	PLL-104360	6/18/2019	6/18/2020	Pollution	3,000,000	\$ 10,000	\$ 4,182
Hartford Insurance Co	ETB-116037	12/14/2019	12/14/2020	Killed in Service/Act 30/Life & AD&D	500,000	\$ -	\$ 10,839
Lloyd's of London / WNC Ins Svc	VCFM00003744-00	6/18/2019	6/18/2020	Flood - Millcreek Sports Complex	500,000	\$ 1,000	\$ 2,148
	FLEX3709010229-01	12/28/2019	12/28/2020	Excess Flood-282 Trenton Rd	500,000	1,000	2,878
Philadelphia Indemnity	FLD-1819783	10/10/2019	10/10/2020	National Flood-Concession-Millicreek	176,000	\$ 1,500	\$ 869
	FLD-1819824	10/10/2019	10/10/2020	National Flood-Kiosk-Pennsbury	70,400	1,000	559
<b>Total premium</b>							<b>\$ 836,484</b>

Source: Falls Township records

TOWNSHIP OF FALLS  
Miscellaneous Statistics  
December 31, 2019

<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) \$345,500 - Median Home Price (at 12/2019) \$1,200 - Median Rent - 2 Bedroom (at 12/2019)

Source: Falls Township records



TOWNSHIP OF FALLS  
Miscellaneous Statistics  
December 31, 2019

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, 2019

Education: Pennsbury School District  
                   10 Elementary Schools  
                   3 Middle Schools  
                   1 High Schools (East & West Campus)  
                   9,990 Students

Libraries: Fallsington Library

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

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

Rail: No rail stations

Bus: No terminal

Airfield: No airfield

Source: Falls Township records

TOWNSHIP OF FALLS  
Miscellaneous Statistics  
December 31, 2019

Public Utilities:

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

Newspapers:

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

Television:

KYW - Channel 3 - Philadelphia  
WPHL - Channel 17 - Philadelphia  
WHYY - Channel 12 - Philadelphia  
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 Jefferson Health - Bucks County Campus

Senior Housing:

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

Source: Falls Township records

