

# 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, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2017, 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, 2017, 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 funding progress - other post employment benefits on pages 19 through 30 and pages 72 through 78 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.

July 23, 2018

MAJOR & MASTRO, LLC  
Montgomeryville, Pennsylvania  
*Certified Public Accountants*

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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, 2017**

**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, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of Falls Township exceeded its liabilities by \$111,640,613 and \$109,855,539 at the close of the years ended December 31, 2017 and 2016, respectively. Of the 2017 amount, \$18,448,165 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2016, \$16,251,778 was available for that purpose.

The Township's governmental net position increased by a total of \$1,793,505 during 2017. 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 2017, Falls Township's governmental funds reported combined ending fund balances of \$41,225,865. As a comparison, at the end of 2016, the balance was \$37,733,058, an increase of \$3,492,807.

Business-type activities' net position decreased by \$8,431 from \$42,166 in 2016 to \$33,735 in 2017. The reason for this decrease is an increase in current liabilities, specifically interfund payables.

At the end of the 2017, the unassigned fund balance for the general fund was \$32,186,591 or 132% of the total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

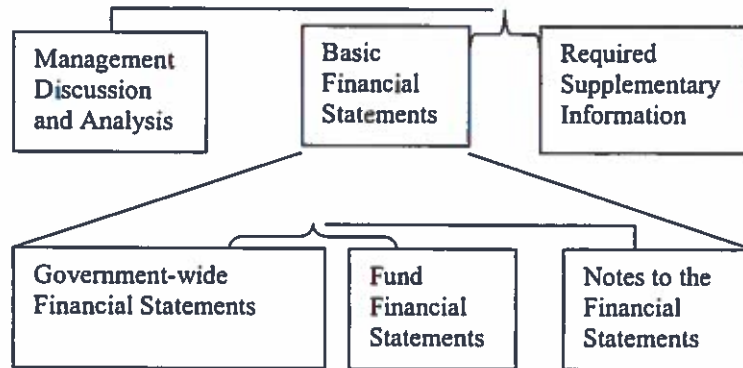
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

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

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

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

Figure 1  
Required Components of  
Falls Township's Financial Report



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

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

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

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

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

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



### **Fund financial statements**

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

### **Governmental Funds**

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

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

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

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

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

### **Proprietary Funds**

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

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

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

### **Fiduciary Funds**

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

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

**Notes to the Financial Statements**

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

The notes to the financial statements can be found on pages 44-69 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 72 - 78 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 83-91 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 \$111,640,613 and \$109,855,539 at the close of the years ended December 31, 2017 and 2016, respectively.

The following table provides a summary of the Township's net position at December 31, 2017 compared to the prior year's figures:

**FALLS TOWNSHIP  
NET POSITION**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 43,321,164	\$ 39,704,960	\$ -	\$ -	\$ 43,321,164	\$ 39,704,960
Capital assets	91,172,798	92,304,493	166,646	168,619	91,339,444	92,473,112
<b>Total Assets</b>	<b>\$ 134,493,962</b>	<b>\$ 132,009,453</b>	<b>\$ 166,646</b>	<b>\$ 168,619</b>	<b>\$ 134,660,608</b>	<b>\$ 132,178,072</b>
Deferred Outflows of Resources	\$ 1,698,943	\$ 3,035,454	\$ -	\$ -	\$ 1,698,943	\$ 3,035,454
Long-term liabilities outstanding	\$ 22,636,170	\$ 23,405,747	\$ -	\$ -	\$ 22,636,170	\$ 23,405,747
Other liabilities	1,949,857	1,825,787	132,911	126,453	2,082,768	1,952,240
<b>Total Liabilities</b>	<b>\$ 24,586,027</b>	<b>\$ 25,231,534</b>	<b>\$ 132,911</b>	<b>\$ 126,453</b>	<b>\$ 24,718,938</b>	<b>\$ 25,357,987</b>
<b>Net Position:</b>						
Net Investment in capital assets	\$ 91,172,798	\$ 92,304,493	\$ 166,646	\$ 168,619	\$ 91,339,444	\$ 92,473,112
Restricted	1,853,004	1,130,649	-	-	1,853,004	1,130,649
Unrestricted	18,581,076	16,378,231	(132,911)	(126,453)	18,448,165	16,251,778
<b>Total Net Position</b>	<b>\$ 111,606,878</b>	<b>\$ 109,813,373</b>	<b>\$ 33,735</b>	<b>\$ 42,166</b>	<b>\$ 111,640,613</b>	<b>\$ 109,855,539</b>

The largest portion of Falls Township's net position, 81.8%, 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, 1.66%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$18,448,165, may be used to meet the government's ongoing obligations to citizens and creditors of the Township.

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

## **CHANGES IN NET POSITION**

### **Governmental activities**

Governmental activities increased Falls Township's net position by \$1,793,505 for the year ended December 31, 2017, a sharp turn-around from a decrease of \$3,910,679 for the year ended December 31, 2016. The recovery of cash reserves in 2017 is due to increased revenue from tipping fees received from Waste Management landfill operations. Fiscal year 2017 was the first full year of operations of the Fairless Landfill, a new municipal waste landfill, consisting of 330.5 acres of permit area, of which 197 acres are for waste disposal. Falls Township is committed to maintaining high quality services and recreation facilities for its residents without increasing real estate taxes or charging exorbitant user fees. The Township has been able to expend cash reserves when needed to meet rising costs without burdening our residents.

### **Business-type activities**

Business-type activities decreased Falls Township's net position by \$8,431 for the year ended December 31, 2017 in addition to the decrease in net position by \$23,983 in the prior year. These activities represent ongoing operations at the Pinewood Pool for 2017.

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.

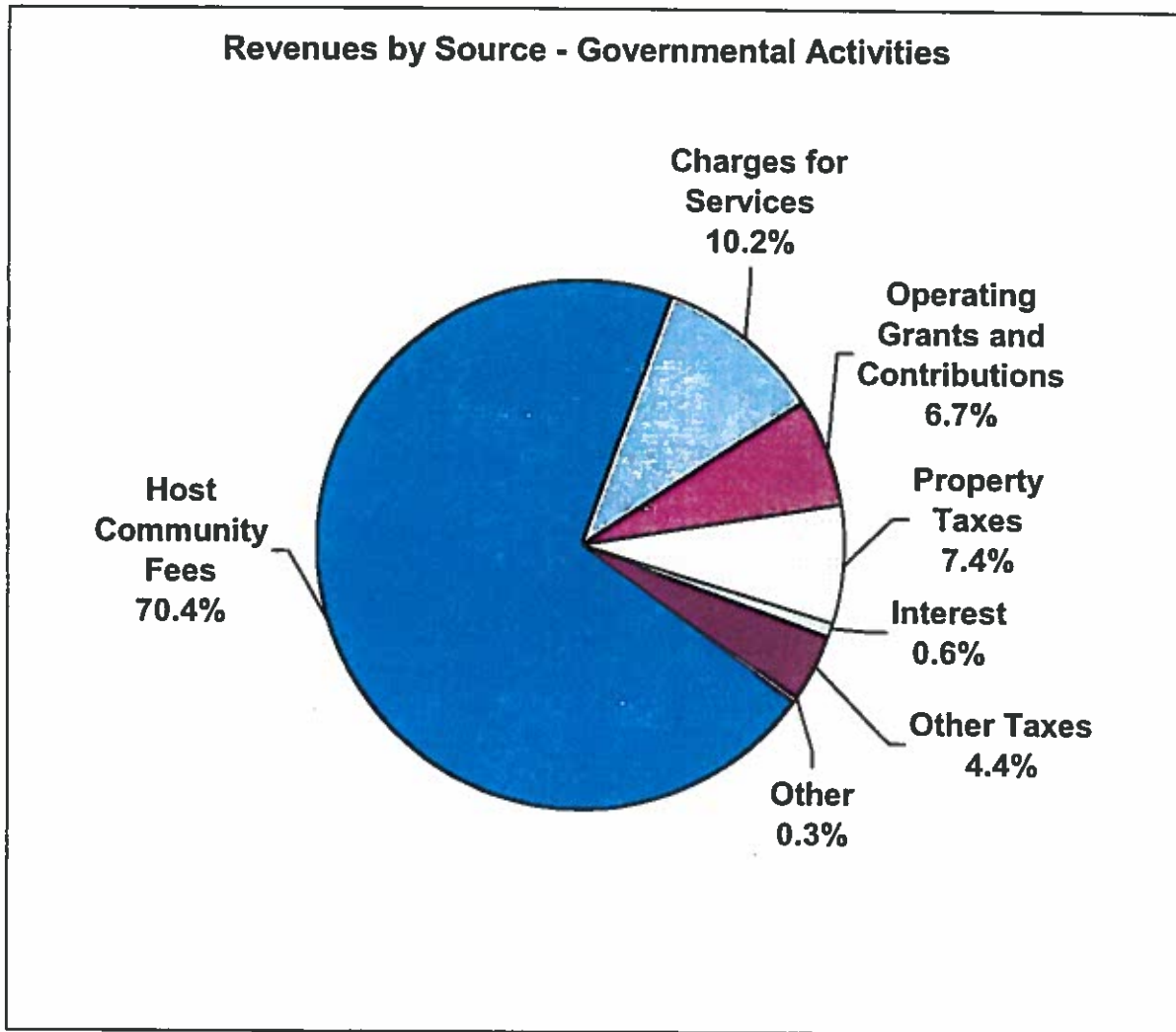
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2017 compared to the prior year's figures.

**FALLS TOWNSHIP  
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 3,132,074	\$ 3,128,987	\$ 178,392	\$ 177,272	\$ 3,310,466	\$ 3,306,259
Operating Grants and Contributions	2,063,823	1,903,498	-	-	2,063,823	1,903,498
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,284,653	2,261,598	-	-	2,284,653	2,261,598
Other taxes	1,364,719	1,370,400	-	-	1,364,719	1,370,400
Host Community Fees	21,706,453	15,256,922	-	-	21,706,453	15,256,922
Other	260,384	305,875	-	-	260,384	305,875
Total Revenues	<u>30,812,106</u>	<u>24,227,280</u>	<u>178,392</u>	<u>177,272</u>	<u>30,990,498</u>	<u>24,404,552</u>
<b>EXPENSES:</b>						
General Government	2,777,044	2,526,600			2,777,044	2,526,600
Public Safety	18,450,556	18,063,659			18,450,556	18,063,659
Highway and Streets	6,143,092	5,964,181			6,143,092	5,964,181
Culture and Recreation	1,647,909	1,583,519			1,647,909	1,583,519
Pinewood Pool	-	-	186,823	201,255	186,823	201,255
Total Expenses	<u>29,018,601</u>	<u>28,137,959</u>	<u>186,823</u>	<u>201,255</u>	<u>29,205,424</u>	<u>28,339,214</u>
Change in net position before transfers	1,793,505	(3,910,679)	(8,431)	(23,983)	1,785,074	(3,934,662)
Transfers	-	-	-	-	-	-
Change in Net Position	<u>1,793,505</u>	<u>(3,910,679)</u>	<u>(8,431)</u>	<u>(23,983)</u>	<u>1,785,074</u>	<u>(3,934,662)</u>
Net Position, Beginning	<u>109,813,373</u>	<u>113,724,052</u>	<u>42,166</u>	<u>66,149</u>	<u>109,855,539</u>	<u>113,790,201</u>
Net Position, Ending	<u>\$ 111,606,878</u>	<u>\$ 109,813,373</u>	<u>\$ 33,735</u>	<u>\$ 42,166</u>	<u>\$ 111,640,613</u>	<u>\$ 109,855,539</u>

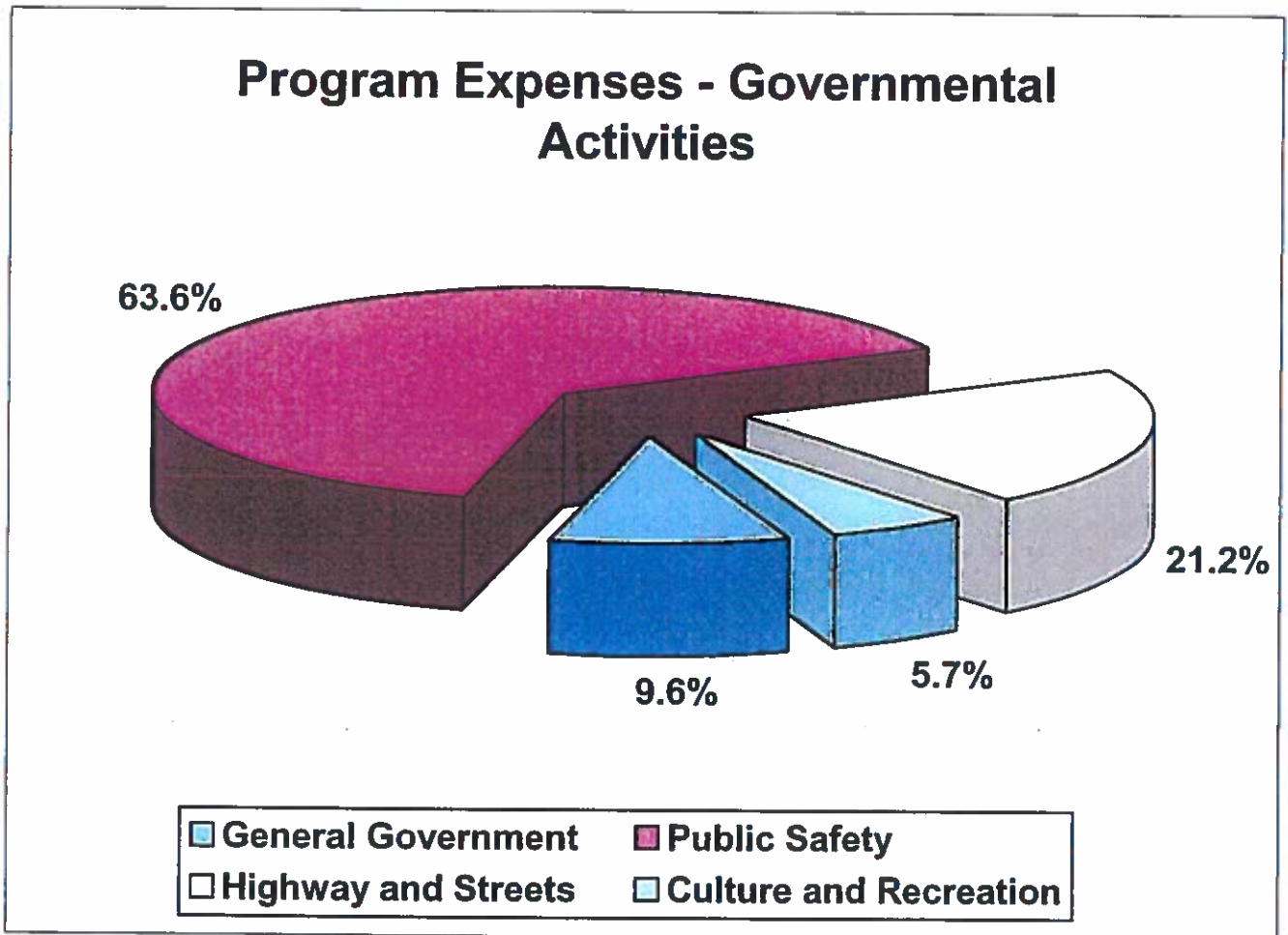
**Governmental Activities**

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2017:



Of the total Government-wide revenues of \$30,812,106, \$21,706,453 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 \$3,132,074 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,284,653, Other Taxes brought in \$1,364,719, Operating Grants and Contributions added \$2,063,823, Interest Earnings netted \$182,793, and Other (miscellaneous) revenues were \$77,591.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2017:

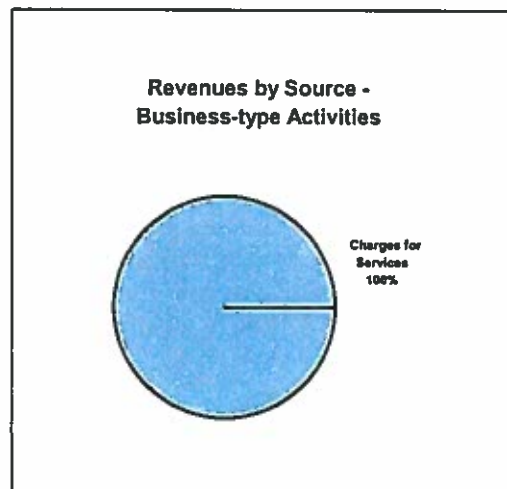
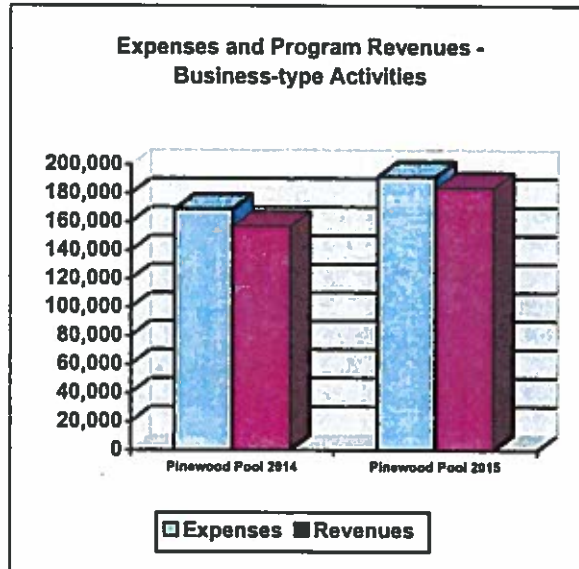


Most of the expenses that occurred in the year 2017 were related to Public Safety. Public Safety expenses were \$18,450,556. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,143,092 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 \$1,647,909 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,777,044 and include costs for staffing, benefits, insurance and various other administrative costs.

**Business-type activities**

Business-type activities decreased the Township’s net position by \$8,431. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$8,431 in 2017. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2017 was the fourteenth full year of operation for the renovated site. The loss is attributed to continued increases in operating costs outpacing revenues. However, with more aggressive marketing, a “refer a friend” rebate offer, and added programming at the pool, we are closing the gap between revenues and expenses through increased memberships and guest attendance.



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

## FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

As Falls Township completed the year, its governmental funds reported a combined fund balance of \$41,225,865 an increase of \$3,492,807 compared to the previous year. Of the combined fund balance total: \$32,164,898 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$6,712,355 is assigned for specific purposes; \$1,853,004 is restricted for particular purposes; and, the remaining \$495,608 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 \$32,186,591 while total fund balance reached \$37,225,919. 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 \$24,440,104. The total fund balance of Falls Township's general fund increased \$2,853,939 during 2017. This is the result of an increase in total revenues of over \$6.5 million primarily due to higher income from Waste Management for tipping fees at the new Fairless Landfill. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes. The higher income was also able to offset the increase in General Fund expenditures of just over \$2.8 million, spent primarily in Public Works for highways and streets.

#### Capital Reserve

The Capital Reserve fund serves the Township to finance various Township purchases and projects. At the end of 2017, the assigned and total fund balance was \$2,150,376. This is a decrease in the amount of \$77,568. With no dedicated revenue stream in this fund, annual expenditures continue to drive down the remaining fund balance.

### Proprietary Funds

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

#### Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2017, the net position was \$33,735. This represents a decrease of \$8,431 over the prior year. Expenses continue to outpace revenues at the community pool, but at a much slower pace. 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 \$3,162,649 for 2017. The single largest contributing factor was Host Community Fees revenue coming in over budget by \$3,218,753. Similarly high tipping fee revenues are projected by Waste Management for fiscal year 2018. Total expenditures for the year were under budget by a total of \$16,235,272. The greatest savings occurred in expenditures for Capital Outlays with General Government under budget by \$14,841,098, Public Safety under budget by \$205,872, Public Works under budget by \$788,655, and Culture and Recreation under budget by \$1,119,320. Many of the budgeted projects not completed in 2017 have been carried forward to the 2018 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, 2017, amount to \$91,339,444 (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 2017 included the following:

The purchase of three new vehicles, a 2017 Ford F-350 with plow, a 2017 Ford F-350 Super Cab, and a 2017 Ford F-450 for the Public Works Department at a cost of \$128,771.

The purchase of a 2018 Expedition for the Fire Marshal's Office at a cost of \$44,853.

Road improvements for various roads in the Township amounting to \$1,932,109 in construction and engineering costs. Also improving our roadways were continuing upgrades to Township traffic signals at a cost of \$7,303.

Park improvements in the form of engineering and construction of a new fishing pier and the replacement of the Vermilion Hills footbridge totaled \$388,527; the purchase of two Exmark mowers and a Toro 192" width mower for the Public Works Department cost \$106,346.

Capital purchases for the Police Department, including six new vehicles totaling \$219,855.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Construction in Progress	889,354	573,516	-	-
Building and System	2,352,448	2,565,850	-	-
Improvements other than Building	1,652,179	1,847,111	-	-
Machinery and Equipment	1,634,269	1,746,287	3,946	5,919
Infrastructure	68,183,622	69,110,803	-	-
	<u>\$ 91,172,798</u>	<u>\$ 92,304,493</u>	<u>\$ 166,646</u>	<u>\$ 168,619</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. Waste Management has projected that tonnages will remain high netting Falls Township revenues of just under \$19 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 2017 in an effort to control costs. Pool membership registrations and program income increased in 2017. 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 year 2016 or 2017, and no transfer has been budgeted for 2018.

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

All these factors were considered in preparing the Falls Township budget for 2018.

### **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, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash & cash equivalents	\$ 19,789,371	\$	\$ 19,789,371
Investments	20,617,464		20,617,464
Taxes receivable	92,865		92,865
Accounts receivable (net of allowance for uncollectibles)	2,325,856		2,325,856
Prepaid assets	495,608		495,608
<b>Total Current Assets</b>	<b>43,321,164</b>	<b>-</b>	<b>43,321,164</b>
<b>Noncurrent Assets:</b>			
<b>Capital Assets (net of accumulated depreciation):</b>			
Land	16,460,926	162,700	16,623,626
Construction in progress	889,354		889,354
Buildings and systems	2,352,448		2,352,448
Infrastructure	68,183,622		68,183,622
Improvements other than buildings	1,652,179		1,652,179
Machinery, equipment, and vehicles	1,634,269	3,946	1,638,215
<b>Total Capital Assets</b>	<b>91,172,798</b>	<b>166,646</b>	<b>91,339,444</b>
<b>TOTAL ASSETS</b>	<b>134,493,962</b>	<b>166,646</b>	<b>134,660,608</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	1,698,943		1,698,943
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	286,524		286,524
Accrued salary and benefits	155,377	253	155,630
Unearned revenue	180,140		180,140
Deposits	798,262		798,262
Internal balances	(132,658)	132,658	-
Portion due or payable within one year			
Compensated absences	662,212		662,212
<b>Total Current Liabilities</b>	<b>1,949,857</b>	<b>132,911</b>	<b>2,082,768</b>
<b>Long-term Liabilities:</b>			
Portion due or payable after one year			
Compensated absences	1,057,085		1,057,085
Net pension liability	17,896,714		17,896,714
Other post-employment benefits	3,682,371		3,682,371
<b>Total Long-term Liabilities</b>	<b>22,636,170</b>	<b>-</b>	<b>22,636,170</b>
<b>TOTAL LIABILITIES</b>	<b>24,586,027</b>	<b>132,911</b>	<b>24,718,938</b>
<b>NET POSITION</b>			
Investment in capital assets	91,172,798	166,646	91,339,444
Restricted for			
Recycling expenditures	448,500		448,500
Parks and recreation	150,597		150,597
Rescue squad	5,429		5,429
Crime prevention	62,808		62,808
Fire hydrant	56,311		56,311
Highway aid	929,108		929,108
Street lighting	200,251		200,251
Unrestricted	18,581,076	(132,911)	18,448,165
<b>TOTAL NET POSITION</b>	<b>\$ 111,606,878</b>	<b>\$ 33,735</b>	<b>\$ 111,640,613</b>

**TOWNSHIP OF FALLS**  
**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 2,777,044	\$ 1,168,042	\$ 633,179	\$ -	\$ (975,823)	\$ -	\$ (975,823)
Public safety	18,450,556	1,710,954	263,627	-	(16,475,975)	-	(16,475,975)
Public works - highways and streets	6,143,092	49,849	1,160,217	-	(4,933,026)	-	(4,933,026)
Culture and recreation	1,647,909	203,229	6,800	-	(1,437,880)	-	(1,437,880)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>29,018,601</b>	<b>3,132,074</b>	<b>2,063,823</b>	<b>-</b>	<b>(23,822,704)</b>	<b>-</b>	<b>(23,822,704)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Pinewood Pool	186,823	178,392	-	-	(8,431)	-	(8,431)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>186,823</b>	<b>178,392</b>	<b>-</b>	<b>-</b>	<b>(8,431)</b>	<b>-</b>	<b>(8,431)</b>
<b>TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 29,205,424</b>	<b>\$ 3,310,466</b>	<b>\$ 2,063,823</b>	<b>\$ -</b>	<b>(23,822,704)</b>	<b>(8,431)</b>	<b>(23,831,135)</b>
<b>GENERAL REVENUES</b>							
Property taxes, levied for general purposes					2,284,653		2,284,653
Real estate transfer taxes					843,218		843,218
Local services taxes					399,195		399,195
Mechanical device tax					34,201		34,201
Other taxes					13,105		13,105
Payment in lieu of taxes					75,000		75,000
Contributions not restricted to specific programs					21,706,453		21,706,453
Interest earnings					182,793		182,793
Miscellaneous revenues					77,591		77,591
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>25,616,209</b>	<b>-</b>	<b>25,616,209</b>
<b>CHANGE IN NET POSITION</b>					<b>1,793,505</b>	<b>(8,431)</b>	<b>1,785,074</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>					<b>109,813,373</b>	<b>42,166</b>	<b>109,855,539</b>
<b>NET POSITION AT END OF YEAR</b>					<b>\$ 111,606,878</b>	<b>\$ 33,735</b>	<b>\$ 111,640,613</b>

TOWNSHIP OF FALLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & cash equivalents	\$ 14,310,845	\$ 3,541,103	\$ 1,937,423	\$ 19,789,371
Investments	20,617,464			20,617,464
Accounts receivable (net of allowance for uncollectibles)	2,325,855	1		2,325,856
Taxes receivable	33,865		59,000	92,865
Interfund receivable	747,224		214	747,438
Prepaid items	477,349		18,259	495,608
<b>TOTAL ASSETS</b>	<b>\$ 38,512,602</b>	<b>\$ 3,541,104</b>	<b>\$ 2,014,896</b>	<b>\$ 44,068,602</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 221,947	\$ 2,200	\$ 62,377	\$ 286,524
Deposits	3,423	794,589	250	798,262
Interfund payable	89	593,939	20,752	614,780
Salaries and benefits payable	791,211		26,378	817,589
Unearned revenue	228,944			228,944
<b>TOTAL LIABILITIES</b>	<b>1,245,614</b>	<b>1,390,728</b>	<b>109,757</b>	<b>2,746,099</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - real estate taxes	31,898		55,569	87,467
Unavailable revenue - other	9,171			9,171
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>41,069</b>	<b>-</b>	<b>55,569</b>	<b>96,638</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	477,349		18,259	495,608
Restricted for:				
Recycling expenditures				
Parks and recreation			448,500	448,500
Rescue squad			150,597	150,597
Crime prevention			5,429	5,429
Fire hydrant			62,808	62,808
Highway aid			56,311	56,311
Street lighting			929,108	929,108
Assigned to:			200,251	200,251
Capital projects	4,561,979	2,150,376		6,712,355
Unassigned	32,186,591		(21,693)	32,164,898
<b>TOTAL FUND BALANCES</b>	<b>37,225,919</b>	<b>2,150,376</b>	<b>1,849,570</b>	<b>41,225,865</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 38,512,602</b>	<b>\$ 3,541,104</b>	<b>\$ 2,014,896</b>	<b>\$ 44,068,602</b>

TOWNSHIP OF FALLS

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

DECEMBER 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$ 41,225,865
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 \$160,635,634 and the accumulated depreciation is \$69,462,836	91,172,798
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	145,442
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	1,698,943
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	(3,682,371)
Net pension liability	(17,896,714)
Compensated absences	<u>(1,057,085)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 111,606,878</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	\$ 827,813	\$ -	\$ 1,444,735	\$ 2,272,548
Real estate transfer	843,218			843,218
Local services	396,014			396,014
Mechanical device	34,201			34,201
Motor fuel tax	27,320		901,513	901,513
Payment in lieu of taxes	21,706,453		47,679	21,706,453
Host community fees	868,497			868,497
Licenses and permits	233,942			233,942
Fines and forfeits	160,851	13,952		182,794
Interest earnings	30,672		7,991	39,427
Rent	902,876		8,755	1,126,259
Intergovernmental	1,776,293		223,383	1,979,522
Charges for services	21,162		203,229	1,979,522
Contributions and donations	84,731	456	47,044	68,206
Refunds of prior years				85,187
<b>TOTAL REVENUES</b>	<b>27,914,043</b>	<b>14,408</b>	<b>2,884,329</b>	<b>30,812,780</b>
<b>EXPENDITURES</b>				
Current				
General government	2,454,777	70,458		2,525,235
Public safety	16,388,411		1,249,270	17,637,681
Public works - highways and streets	2,393,444	5,101	622,245	3,020,790
Culture and recreation	221,807	5,174	866,378	1,093,359
Capital outlay				
General government	203,902	11,243		215,145
Public safety	264,707		50,000	264,707
Public works - highways and streets	2,124,529			2,174,529
Culture and recreation	388,527			388,527
<b>TOTAL EXPENDITURES</b>	<b>24,440,104</b>	<b>91,976</b>	<b>2,787,893</b>	<b>27,319,973</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,473,939</b>	<b>(77,568)</b>	<b>96,436</b>	<b>3,492,807</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			620,000	620,000
Transfers out	(620,000)			(620,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(620,000)</b>	<b>-</b>	<b>620,000</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>2,853,939</b>	<b>(77,568)</b>	<b>716,436</b>	<b>3,492,807</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>34,371,980</b>	<b>2,227,944</b>	<b>1,133,134</b>	<b>37,733,058</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 37,225,919</b>	<b>\$ 2,150,376</b>	<b>\$ 1,849,570</b>	<b>\$ 41,225,865</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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,492,807
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:</p>	
Capital outlay	2,986,474
Depreciation expense	(4,118,168)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(673)
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	(60,434)
<p>On the Statement of Activities the actual and projected long term expenditures for pension benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for pensions.</p>	(102,672)
<p>On the Statement of Activities the actual and projected long term expenditures for post-employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.</p>	<u>(403,829)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,793,505</u>

See accompanying notes to the basic financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 866,629	\$ 866,629	\$ 827,813	\$ (38,816)
Real estate transfer	650,000	650,000	843,218	193,218
Local services	400,000	400,000	396,014	(3,986)
Mechanical device	32,000	32,000	34,201	2,201
Payment in lieu of taxes	27,320	27,320	27,320	-
Host community fees	18,487,700	18,487,700	21,706,453	3,218,753
Licenses and permits	877,245	877,245	868,497	(8,748)
Fines and forfeits	182,000	182,000	233,942	51,942
Interest earnings	202,700	202,700	160,851	(41,849)
Rents	33,200	33,200	30,672	(2,528)
Intergovernmental	1,519,000	1,519,000	902,876	(616,124)
Charges for services	1,438,600	1,438,600	1,776,293	337,693
Contributions and donations	-	-	21,162	21,162
Refunds of prior years	35,000	35,000	84,731	49,731
<b>TOTAL REVENUES</b>	<b>24,751,394</b>	<b>24,751,394</b>	<b>27,914,043</b>	<b>3,162,649</b>
<b>EXPENDITURES</b>				
Current				
General government				
Supervisors	36,293	36,293	37,927	(1,634)
Manager	451,026	451,026	462,062	(11,036)
Finance and administration	612,158	612,158	602,546	9,612
Attorney	357,000	357,000	324,732	32,268
Other	1,012,893	1,012,893	1,027,510	(14,617)
Total general government	<u>2,469,370</u>	<u>2,469,370</u>	<u>2,454,777</u>	<u>14,593</u>
Public safety				
Police	14,374,264	14,374,264	14,551,660	(177,396)
Fire	579,903	579,903	570,712	9,191
Code Enforcement	1,236,793	1,236,793	1,266,039	(29,246)
Total public safety	<u>16,190,960</u>	<u>16,190,960</u>	<u>16,388,411</u>	<u>(197,451)</u>
Public works				
Highways and streets	2,050,336	2,050,336	2,393,444	(343,108)
Total public works	<u>2,050,336</u>	<u>2,050,336</u>	<u>2,393,444</u>	<u>(343,108)</u>
Total culture and recreation	<u>28,100</u>	<u>28,100</u>	<u>221,807</u>	<u>(193,707)</u>
Capital outlay				
General government	15,045,000	15,045,000	203,902	14,841,098
Public safety	470,579	470,579	264,707	205,872
Public works - highway and streets	2,913,184	2,913,184	2,124,529	788,655
Culture and recreation	1,507,847	1,507,847	388,527	1,119,320
Total capital outlay	<u>19,936,610</u>	<u>19,936,610</u>	<u>2,981,665</u>	<u>16,954,945</u>
<b>TOTAL EXPENDITURES</b>	<b>40,675,376</b>	<b>40,675,376</b>	<b>24,440,104</b>	<b>16,235,272</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,923,982)</b>	<b>(15,923,982)</b>	<b>3,473,939</b>	<b>19,397,921</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(620,000)	(620,000)	(620,000)	-
Sale of assets	1,000	1,000	-	(1,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(619,000)</b>	<b>(619,000)</b>	<b>(620,000)</b>	<b>(1,000)</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(16,542,982)</b>	<b>(16,542,982)</b>	<b>2,853,939</b>	<b>19,396,921</b>
<b>FUND BALANCE, BEGINNING</b>	<b>33,800,998</b>	<b>33,800,998</b>	<b>34,371,980</b>	<b>570,982</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 17,258,016</b>	<b>\$ 17,258,016</b>	<b>\$ 37,225,919</b>	<b>\$ 19,967,903</b>

See accompanying notes to the basic financial statements

**TOWNSHIP OF FALLS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
<b>ASSETS</b>		
Noncurrent Assets:		
Capital Assets (net of accumulated depreciation):		
Land	\$ 162,700	\$ 162,700
Machinery and equipment	3,946	5,919
<b>TOTAL CAPITAL ASSETS</b>	<u>166,646</u>	<u>168,619</u>
<b>TOTAL ASSETS</b>	<u>166,646</u>	<u>168,619</u>
<b>LIABILITIES</b>		
Current liabilities		
Interfund payable	132,658	126,161
Salaries and benefits payable	253	292
<b>TOTAL CURRENT LIABILITIES</b>	<u>132,911</u>	<u>126,453</u>
<b>NET POSITION</b>		
Investment in capital assets	166,646	168,619
Unrestricted	<u>(132,911)</u>	<u>(126,453)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 33,735</u>	<u>\$ 42,166</u>

**TOWNSHIP OF FALLS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
	OPERATING REVENUES	
Charges for sales and services		
Pool memberships	\$ 174,010	\$ 157,603
Concession income	4,382	19,669
TOTAL OPERATING REVENUES	178,392	177,272
OPERATING EXPENSES		
Costs of sales and services	150,863	166,381
Administration	33,987	32,901
Depreciation on capital assets	1,973	1,973
TOTAL OPERATING EXPENSES	186,823	201,255
CHANGE IN NET POSITION	(8,431)	(23,983)
NET POSITION, BEGINNING	42,166	66,149
NET POSITION, ENDING	\$ 33,735	\$ 42,166

See accompanying notes to the basic financial statements

**TOWNSHIP OF FALLS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 178,392	\$ 177,272
Payments to suppliers	(63,973)	(75,681)
Payments to employees	(120,916)	(123,463)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(6,497)</u>	<u>(21,872)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer from other funds	6,497	21,872
<b>NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>6,497</u>	<u>21,872</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING</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	\$ (8,431)	\$ (23,983)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	1,973	1,973
Increase (decrease) in salaries and benefits payable	(39)	138
<b>TOTAL ADJUSTMENTS</b>	<u>1,934</u>	<u>2,111</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (6,497)</u>	<u>\$ (21,872)</u>

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2017

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,283,997	\$ 3,255,404
Receivables	307,862	
Accounts receivable		1,704
Investment, at fair value		
Common stock, mutual funds	<u>20,514,329</u>	
<b>TOTAL ASSETS</b>	31,106,188	<u><u>\$ 3,257,108</u></u>
<b>LIABILITIES</b>		
Payables	<u>20,126</u>	
Escrow deposits		<u><u>\$ 3,257,108</u></u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<u><u>\$ 31,086,062</u></u>	

See accompanying notes to the basic financial statements

**TOWNSHIP OF FALLS**

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

**PENSION TRUST FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 2,076,934
Plan member	353,703
Commonwealth	633,179
Total Contributions	<u>3,063,816</u>
Investment Income	
Dividend income	510,580
Net appreciation (depreciation) in fair value of investments	<u>2,386,235</u>
Total investment income	2,896,815
Less: investment expenses	<u>77,172</u>
Net investment income	<u>2,819,643</u>
<b>TOTAL ADDITIONS</b>	<u><u>5,883,459</u></u>
<b>DEDUCTIONS</b>	
Benefits	2,475,449
Reimbursements	5,376
Administrative expenses	<u>20,941</u>
Total deductions	<u>2,501,766</u>
Change in Net Position	3,381,693
<b>NET POSITION BEGINNING OF YEAR</b>	<u>27,704,369</u>
<b>NET POSITION END OF YEAR</b>	<u><u>\$ 31,086,062</u></u>

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