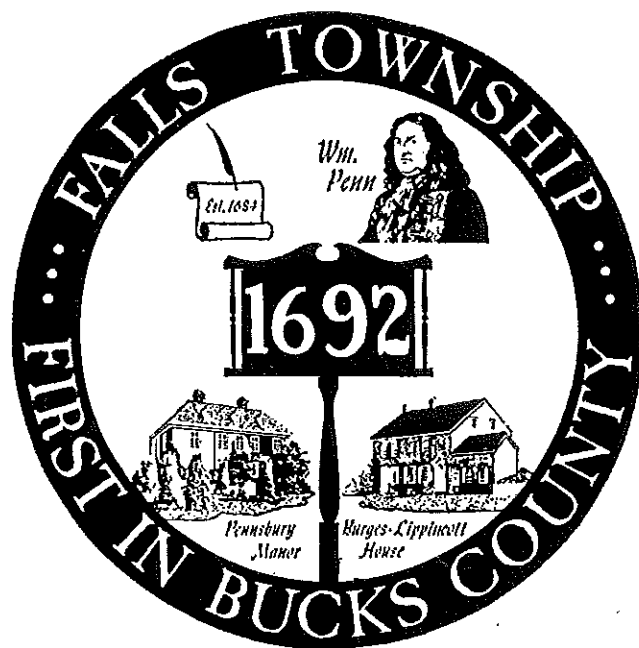


Township of Falls County of Bucks, Pennsylvania

“317 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009



Prepared by Jean E. Reukauf
Finance Director

TOWNSHIP OF FALLS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2009

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Comprehensive Annual Financial Report
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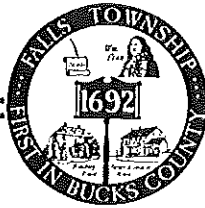
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INTRODUCTORY SECTION

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Township of Falls

BUCKS COUNTY, PA



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Fairless Hills, PA 19030
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Website: www.fallstwp.com

July 2, 2010

Board of Supervisors

Jeffrey E. Dence
Robert J. Harvie, Jr.
Jonathan R. Snipes
Philip A. Szupka
Dorothy Vislosky

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, 2009 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2009, 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 Mercadien, P.C., Certified Public Accountants.

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

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

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

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

Financial Entity

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

General Information

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

The Township of Falls, incorporated July 27, 1692, encompasses approximately 26.5 square miles of the southeastern corner of Bucks County, Pennsylvania between the larger cities of Trenton, New Jersey and Philadelphia, Pennsylvania (6 miles and 9 miles apart, respectively) and is bordered by Tullytown Borough, Middletown Township, Lower Makefield Township, Morrisville Borough and the Delaware River with the State of New Jersey on the opposite side of the river. The Township and neighboring municipalities are closely related in terms of both economics and physical development, and are served in some cases by the same highways, water lines and sewer lines. The 2000 U.S. Census reports a population of 34,865.

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

The Falls Township Police Department is a full service police agency, providing all police services within our community. The agency embraces the concept of Community Policing and emphasizes problem oriented policing. They work in partnership with the community, addressing all issues affecting our citizens. The department is also an accredited police department under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission receiving the status in 2003. This accreditation was the first in Bucks County and the twelfth in the Commonwealth of Pennsylvania. The department followed procedures for recertification in July 2009 and was able to retain the accreditation status for an additional three years. The Chief of Police and three Lieutenants oversee the operations of 53 full time police officers assigned to the Patrol, Detectives and Community Partnership Units and 7 civilian employees ranging from Animal Control to Clerical to Court Liaison. The department also has a fleet of 51 police vehicles.

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 11,410. 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. Schooling is also provided by three private schools within the Township's boundaries. They include – St. Joseph the Worker, St. Francis Cabrini and the Pen Ryn School.

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

Falls Township is served by three volunteer Fire Companies – Falls Fire Company, Levittown Fire Company and the Fairless Hills Fire Company. The Township is also served by two Rescue Squads – the Levittown Fairless Hills Rescue Squad and the Morrisville Rescue Squad. These agencies provide professional emergency services to Falls Township twenty-four hours a day and seven days a week as well as serving neighboring communities in Pennsylvania and New Jersey, when requested. All agencies receive financial aid from tax dollars contributed by the Township (a total of \$458,000 in support for 2009) although tax funding covers only a portion of their operating costs. Most of the funding for operations comes from individual contributions via fund drives and other fund raising events. On average, one hundred individuals volunteer for the Fire Companies and seventy volunteer at the Rescue Squads.

The Falls Township Parks and Recreation Department oversees sixteen parks which contain playgrounds, athletic fields, tot lots, basketball courts, gardens, trails and pavilions encompassing over 408 acres. These parks are maintained by the Township's Public Works department, a Park Security staff patrols the Falls Community Park, and overall supervision is provided by the Parks and Recreation Department. This department also provides year round programs and activities for residents.

In addition to the aforementioned parks, the Parks and Recreation Department oversees operations at the Pinewood Pool. The pool was recently renovated 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 playground was installed on the pool property in 2009.

Economic Conditions and Outlook

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

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

In the southern portion of Falls Township, the Warner Company developed a 46 acre landfill and began operations in August of 1970. The Warner Company, through its subsidiary Geological Reclamation Operations and Waste Systems, Inc. (G.R.O.W.S.), was issued permits to operate a solid waste disposal facility in the Morrisville section of the Township. The facility, which was subsequently sold to Waste Management, Inc., has expanded to approximately 372 acres since operations began. These operations provide the Township, as the host community, with waste disposal tonnage fees and benefit the residents through refuse removal and recycling pick up at no charge based on Solid Waste Agreements negotiated by Township Officials.

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

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

In 2004, a large portion of the former Fairless Works site was designated a Keystone Opportunity Improvement Zone (KOIZ). This designation was approved by Falls Township, Pennsbury School District and Bucks County. As a KOIZ designated area, fifteen-year tax abatement is granted in an attempt to make the former mill site more attractive to businesses opting to relocate into Falls Township. United States Steel Corporation has renamed the site the Keystone Industrial Port Center (KIPC). Some of the companies now located there include: Dominion Power, Toll Brothers, International Salt, Kinder Morgan, Gamesa Wind, Excelon, A.L. Patterson, Abington Reldon, Osstem, and AE Polysilicon.

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, 2009, the Township is legally able to borrow in excess of \$47 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, 2009, the Township had over \$31,600,000 in the account. With aggressive savings and competitive interest rates, it is anticipated that the interest earned can assist the General Fund with a revenue stream on an annual basis achieving the Township's goal of funding operating costs long after tipping fees have ceased.

The 2006 sale of the Township's Water and Sewer department has created a \$15,000,000 receivable from the Township of Falls Authority (TOFA). Over the last few years, the cost of purchasing water and the sale of wastewater had become increasingly expensive. Coupled with the cost of operating expenses, it became apparent the best interest of the Township was to form the Authority to allow autonomy in increasing rates for customer billing. TOFA has been making interest-only payments to the Township since June 30, 2007 and will continue interest-only payments through June 30, 2011. The balloon principle payment is due in full on December 31, 2011.

Relevant Financial Policies

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

Budgeting Controls: The annual budget is the financial blueprint for Falls Township. By documenting the allocation of funds, the budget reflects the policies and projects that are priorities to the Township. As per section 3201 of the Second Class Township Code, the Township's fiscal year begins on the first day in January and ends on December 31st of that calendar year. Generally, a proposed budget for the ensuing fiscal year is approved by the Board of Supervisors in mid-December. The Second Class Township Code permits the Board to amend the budget following any municipal election. The amended budget must then

be adopted by February 15th and no proposed amended budget shall, before final adoption, be revised upward in excess of 10% in the aggregate or in excess of 25% of the amount of any major category. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget.

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

The Township also maintains an encumbrance accounting system as an additional technique of budgetary control. Encumbrances outstanding at year-end are reported as a reservation of fund balance and are reappropriated as part of the following year's budget.

Major Initiatives

During 2009, 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 2009 marks the seventh 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 2009, the Township reconstructed twenty-one roadways for a total of 20,172 lineal feet. The roadways reconstructed this year were: Canterbury Road (1,178 lf.) in Fairless Hills; Pin Lane (119 lf.), Penn Lane (167 lf.), Poet Lane (172 lf.), Peachtree Lane (1,282 lf.), Port Lane (142 lf.), and Poplar Lane (1,159 lf.) in the Pinewood section of Levittown; Wood Lane (210 lf.), Walnut Lane (896 lf.), White Spruce Lane (982 lf.), and Water Way (168 lf.) in the Willowood section of Levittown; New Pond Lane (2,537 lf.) and Nasturtium Lane (760 lf.) in the North Park section of Levittown; and Easter Lane (760 lf.), Evergreen Lane (1,580 lf.), Elm Lane (1,800 lf.), Edgewood Lane (1,850 lf.), Ember Lane (900 lf.), Echo Lane (750 lf.), Eventide Place (500 lf.), and Eventide Lane (2,260 lf.) in the Elderberry section of Levittown. This construction consisted of new curbs, driveway aprons, various sidewalks, storm sewer pipes and the roadway itself. This program continues with the Township's goal, begun in the early 1990's, of having all Township owned roadways reconstructed by 2012.

Other Information

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2009 is the firm of Mercadien, P.C. 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. Mercadien, P.C. has issued an unqualified opinion for the year ended December 31, 2009.

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, 2008. This was the eleventh consecutive year that the Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the Township published an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of the 2009 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,

A handwritten signature in cursive script that reads "Jean E. Reukauf". The signature is written in black ink and is positioned to the right of the typed name.

Jean E. Reukauf
Finance Director
July 2, 2010

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



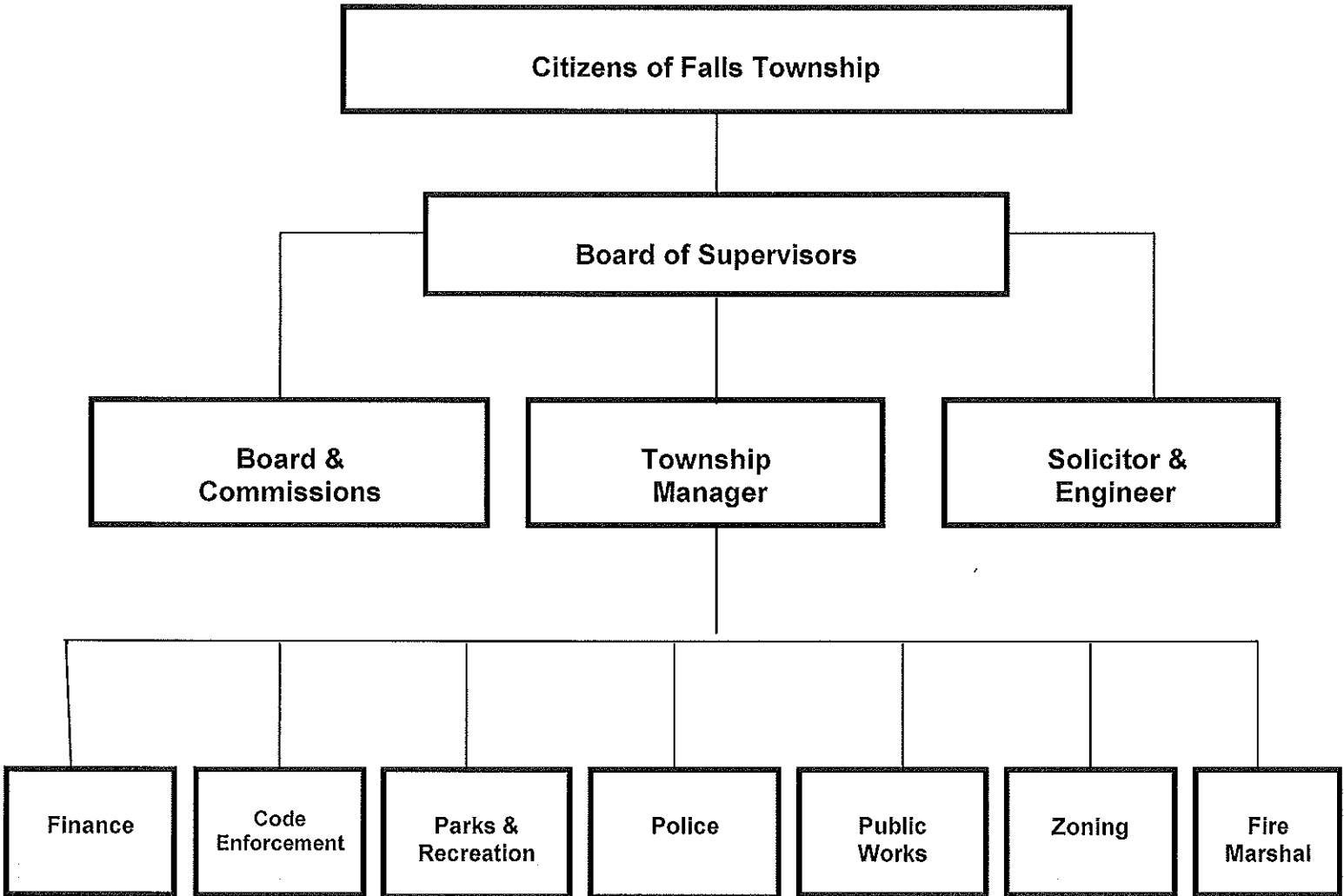
A handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

Executive Director

**Falls Township
Organizational Chart**



Appointed Citizen Advisory Boards and Commissions

- | | |
|---|--|
| <ul style="list-style-type: none"> Board of Auditors Environmental Advisory Council Industrial Development Committee Planning Commission Police Pension Committee Community and Economic Development Commission | <ul style="list-style-type: none"> Cable Advisory Board Historical Review Board Parks and Recreation Board Zoning Hearing Board Shade Tree Commission |
|---|--|

2009 BOARD OF SUPERVISORS

Robert J. Harvie, Jr., Chairperson

James G. Prokopiak, Vice Chairperson

Jonathan R. Snipes, Secretary/Treasurer

Philip A. Szupka, Member

Dorothy Vislosky, Member

Jeffry Dence, Member Elect

CURRENT EXECUTIVE OFFICIALS

Peter F. Gray, Township Manager

Michael P. Clarke, Esq., Township Solicitor

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

William Wilcox, Police Chief

Jean E. Reukauf, Finance Director

Richard Dippolito, Fire Marshal

Thomas Bennett, Zoning Officer

Joseph P. Arnao, Public Works Foreman

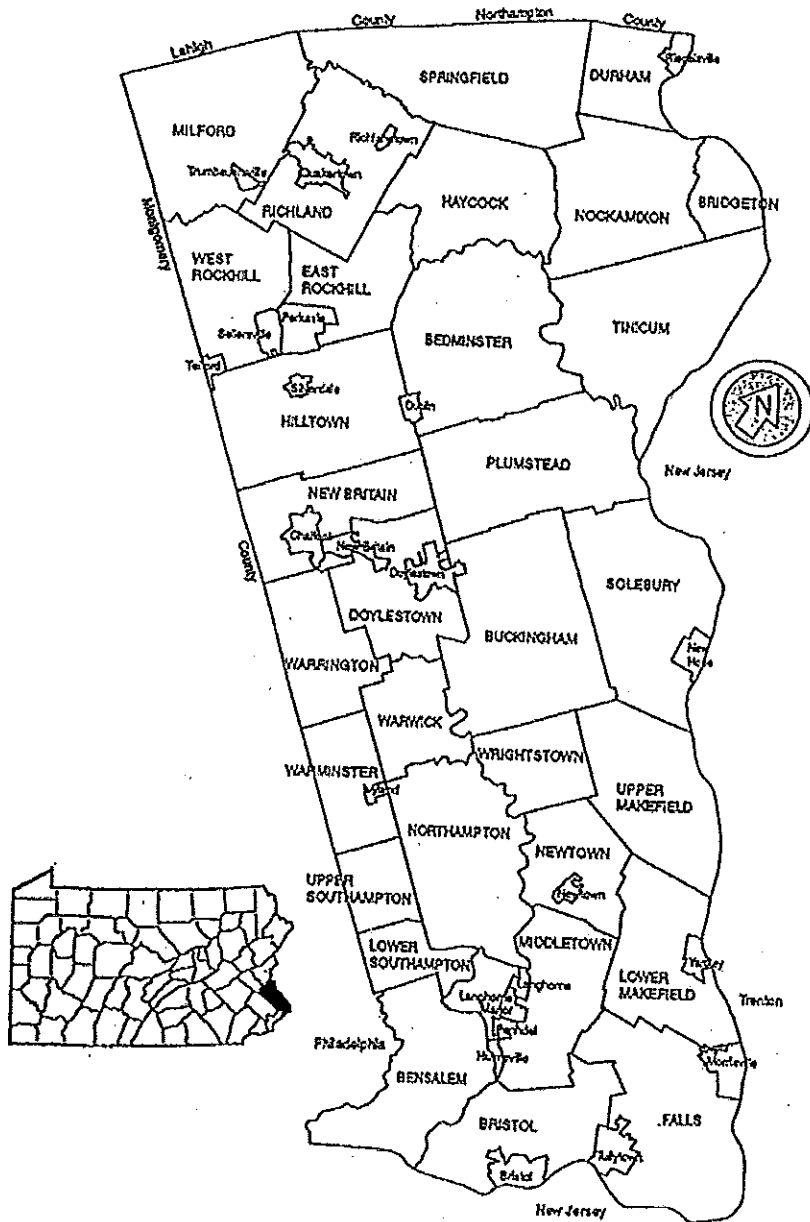
Charles William Reese, Parks and Recreation Director

Todd Pletnick, Police Lieutenant

Donald Airey, Police Lieutenant

Henry Ward, Police Lieutenant

TOWNSHIP OF FALLS BUCKS COUNTY, PENNSYLVANIA



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Township of Falls
Fairless Hills, Pennsylvania

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Falls Township, Bucks County, Pennsylvania (the "Township"), as of December 31, 2009, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, as of December 31, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

- AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGladREY NETWORK
- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- AICPA'S PRIVATE COMPANIES PRACTICE SECTION
- AICPA'S CENTER FOR AUDIT QUALITY
- REGISTERED WITH THE PCAOB

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www.mercadien.com

OVER 45 YEARS OF SERVICE TO THE COMMUNITY

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Management's discussion and analysis on pages 17 through 29, and budgetary comparison information on pages 73 through 81 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Township taken as a whole. The accompanying supplementary information listed in the table of contents is presented for the purpose of additional analysis and are not a required part of the basic financial statements. The fund financial statements, individual nonmajor financial statements and individual fund budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Mercadien, P.C.
Certified Public Accountants

July 2, 2010

**Falls Township
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2009**

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, 2009. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets of Falls Township exceeded its liabilities by \$143,780,921 and \$143,860,409 at the close of the years ended December 31, 2008 and 2009, respectively. Of the 2009 amount, \$51,303,537 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2008 \$53,549,678 was available for that purpose.

The Township's governmental net assets increased by a total of \$160,589 over the prior year. This increase is primarily due to an increase in the value of Township infrastructure as well as land acquisition.

As of the end of 2009, Falls Township's governmental funds reported combined ending fund balances of \$58,317,160. As a comparison, at the end of 2008, the balance was \$69,538,415 for a difference of \$11,221,255.

Business-type activities' net assets decreased by \$81,101 from (\$9,255) in 2008 to (\$90,356) in 2009. The reason for this decrease is the operating loss incurred by the Pinewood Pool.

At the end of the 2009, the unreserved/undesignated fund balance for the general fund was \$1,182,347 or 8.3% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

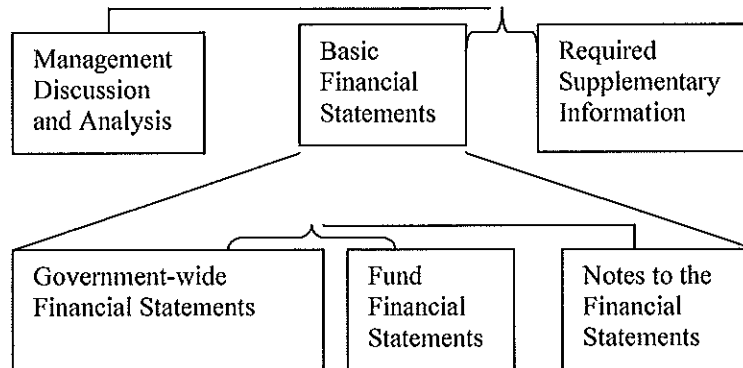
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

- 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 assets presents information on all of Falls Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 fourteen 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, Capital Reserve fund and the Host Community Fees fund, which are considered major funds. Data from the other eleven 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 34-39 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 40-42 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 43 and 44 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 45-63 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 66 and 67 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 71-81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government’s financial position. For Falls Township, assets exceed liabilities by \$143,780,921 and \$143,860,409 at the close of the years ended December 31, 2008 and 2009, respectively.

The following table provides a summary of the Township’s net assets at December 31, 2009 compared to the prior year’s figures:

**FALLS TOWNSHIP
NET ASSETS**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 55,129,809	\$ 44,800,311	\$ -	\$ -	\$ 55,129,809	\$ 44,800,311
Capital assets	78,904,166	86,400,724	162,700	162,700	79,066,866	86,563,424
Other noncurrent assets	<u>16,943,895</u>	<u>16,795,212</u>	<u>-</u>	<u>-</u>	<u>16,943,895</u>	<u>16,795,212</u>
Total Assets	150,977,870	147,996,247	162,700	162,700	151,140,570	148,158,947
Long-term liabilities outstanding	2,870,549	1,551,891	-	-	2,870,549	1,551,891
Other liabilities	<u>4,317,145</u>	<u>2,493,591</u>	<u>171,955</u>	<u>253,056</u>	<u>4,489,100</u>	<u>2,746,647</u>
Total Liabilities	7,187,694	4,045,482	171,955	253,056	7,359,649	4,298,538
Net Assets:						
Invested in capital assets, net of related debt	78,869,984	86,400,724	162,700	162,700	79,032,684	86,563,424
Restricted	11,198,559	5,993,448	-	-	11,198,559	5,993,448
Unrestricted	<u>53,721,633</u>	<u>51,556,593</u>	<u>(171,955)</u>	<u>(253,056)</u>	<u>53,549,678</u>	<u>51,303,537</u>
Total Net Assets	\$ 143,790,176	\$ 143,950,765	\$ (9,255)	\$ (90,356)	\$ 143,780,921	\$ 143,860,409

The largest portion of Falls Township's net assets, 60%, 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 portion of Falls Township's net assets, 6.4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$51,303,537, 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 assets, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

CHANGES IN NET ASSETS

Governmental activities

While governmental activities decreased Falls Township's net assets by \$588,632 for the year ended December 31, 2008, they increased net assets by \$160,589 for the year ended December 31, 2009. The 2009 increase is due to the Township's ongoing investment in capital assets. In 2009, a settlement was reached in an eminent domain proceeding decreasing outstanding liabilities and adding 1.84 acres of land at a value of \$1,757,000. The value of township infrastructure also increased in the amount of \$6,056,400 due to the 2009 road program.

Business-type activities

Business-type activities decreased Falls Township's net assets by \$81,101 for the year ended December 31, 2009 compared to a decrease of \$43,779 for the prior year. These activities represent ongoing operations at the Pinewood Pool for 2009.

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.

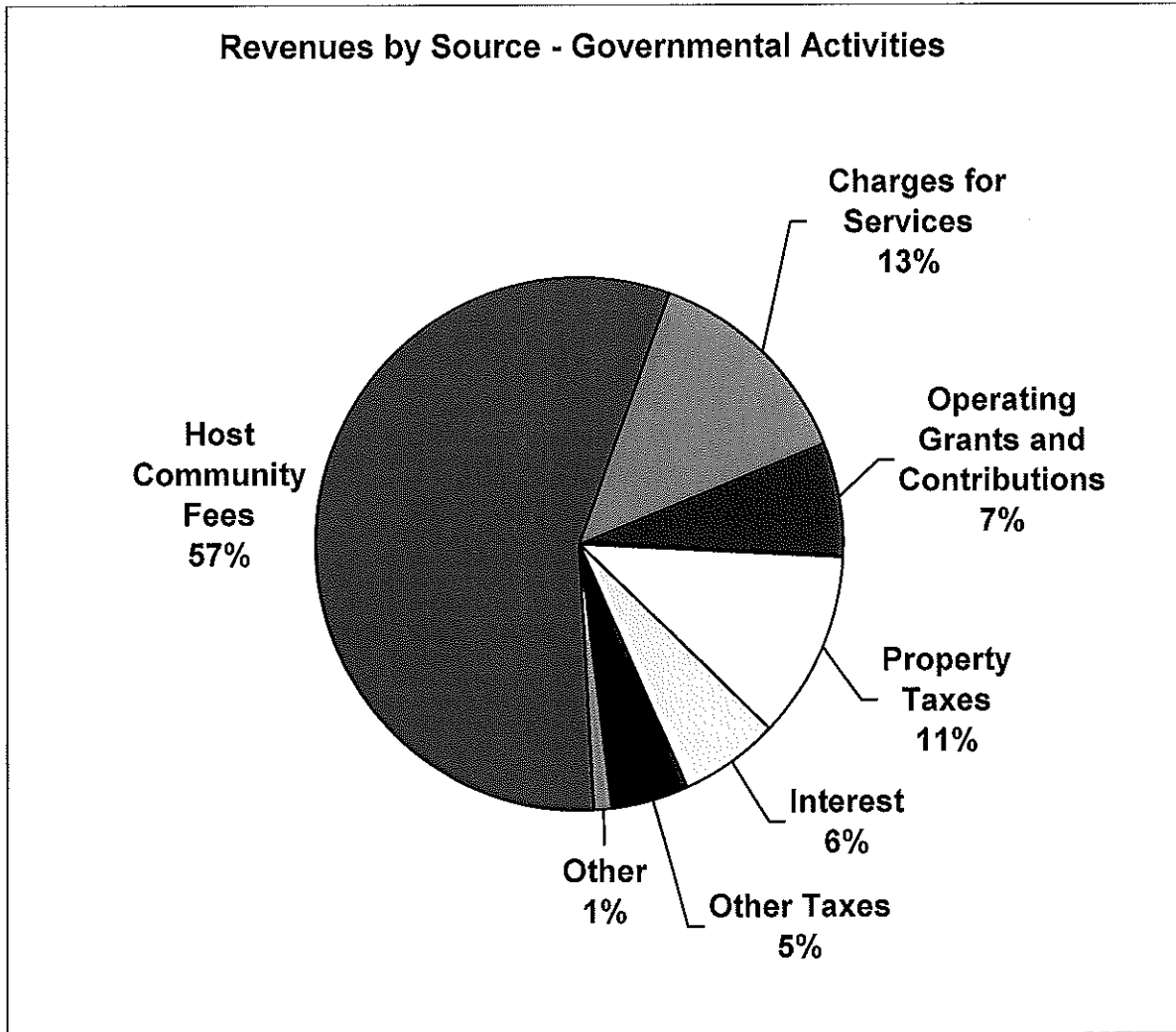
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2009 compared to the prior year's figures.

**FALLS TOWNSHIP
CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,805,291	\$ 2,613,686	\$ 135,695	\$ 114,838	\$ 2,940,986	\$ 2,728,524
Operating Grants and Contributions	1,441,431	1,453,040	-	-	1,441,431	1,453,040
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,315,362	2,321,546			2,315,362	2,321,546
Other taxes	1,188,073	1,037,440			1,188,073	1,037,440
Host Community Fees	10,298,608	11,617,345			10,298,608	11,617,345
Other	2,801,399	1,452,510	-	-	2,801,399	1,452,510
Total Revenues	<u>\$ 20,850,164</u>	<u>\$ 20,495,567</u>	<u>\$ 135,695</u>	<u>\$ 114,838</u>	<u>\$ 20,985,859</u>	<u>\$ 20,610,405</u>
EXPENSES:						
General Government	\$ 3,532,145	\$ 1,820,889			\$ 3,532,145	\$ 1,820,889
Public Safety	11,834,328	12,209,438			11,834,328	12,209,438
Highway and Streets	4,520,005	4,808,901			4,520,005	4,808,901
Culture and Recreation	1,372,976	1,393,156			1,372,976	1,393,156
Debt Service Interest	168,129	102,594			168,129	102,594
Water			\$ -	\$ -	-	-
Sewer			-	-	-	-
Pinewood Pool			190,687	195,939	190,687	195,939
Total Expenses	<u>21,427,583</u>	<u>20,334,978</u>	<u>190,687</u>	<u>195,939</u>	<u>21,618,270</u>	<u>20,530,917</u>
Change in net assets before transfers	(577,419)	160,589	(54,992)	(81,101)	(632,411)	79,488
Transfers	(11,213)	-	11,213	-	-	-
Change in Net Assets	(588,632)	160,589	(43,779)	(81,101)	(632,411)	79,488
Net Assets, Beginning	144,378,808	143,790,176	34,524	(9,255)	144,413,332	143,780,921
Net Assets, Ending	<u>\$ 143,790,176</u>	<u>\$ 143,950,765</u>	<u>\$ (9,255)</u>	<u>\$ (90,356)</u>	<u>\$ 143,780,921</u>	<u>\$ 143,860,409</u>

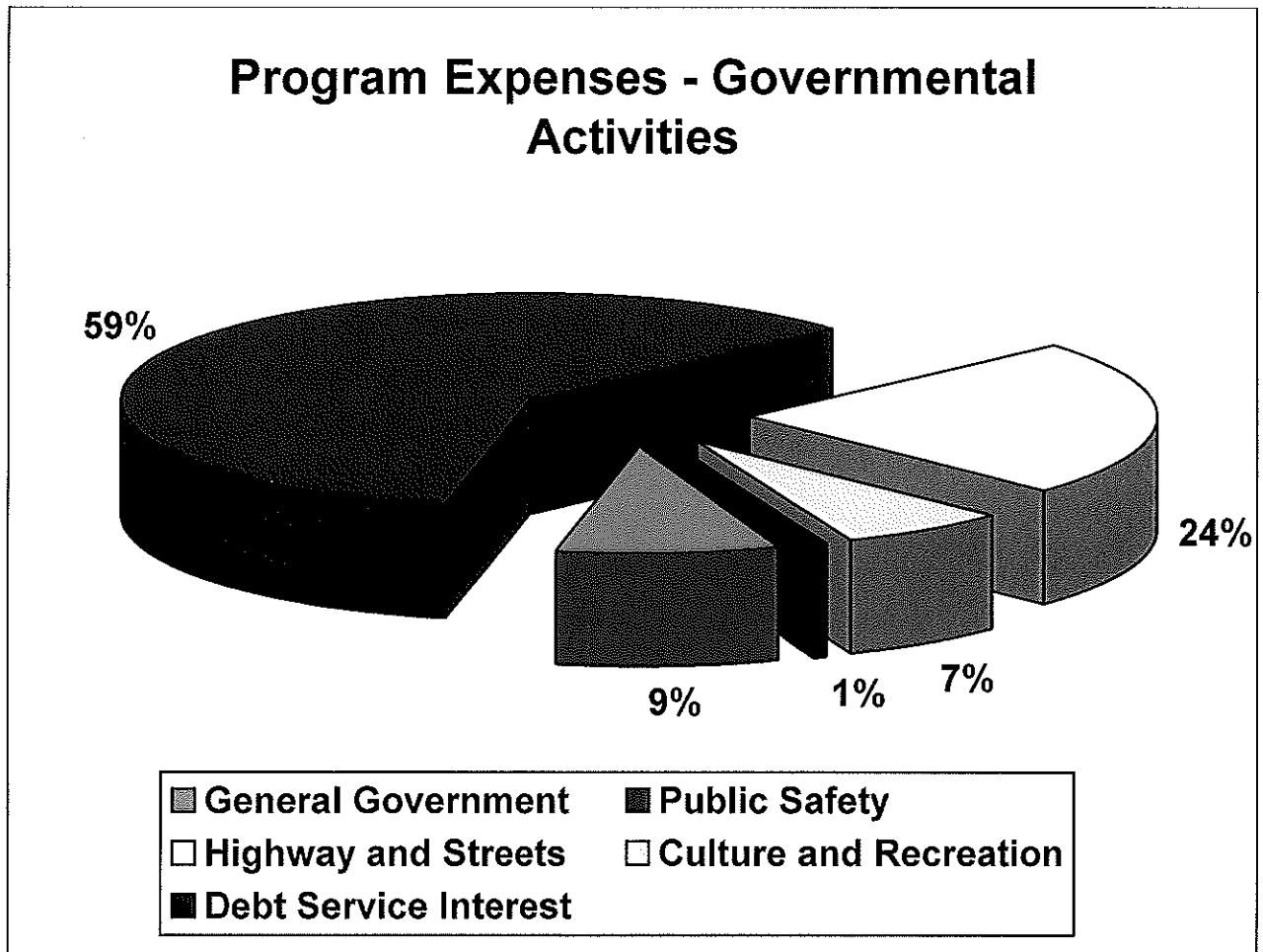
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2009:



Of the total Government-wide revenues of \$20,610,405, \$11,617,345 were Host Community Fees or “tipping” fees received from Waste Management for the landfill and incinerator operations. Also contributing to the Township’s revenue stream were Charges for Services with revenues of \$2,728,524 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,321,546, Other Taxes brought in \$962,440, Operating Grants and Contributions added \$1,453,040, Interest Earnings netted \$1,273,281 and Other (miscellaneous) revenues were \$254,229.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2009:



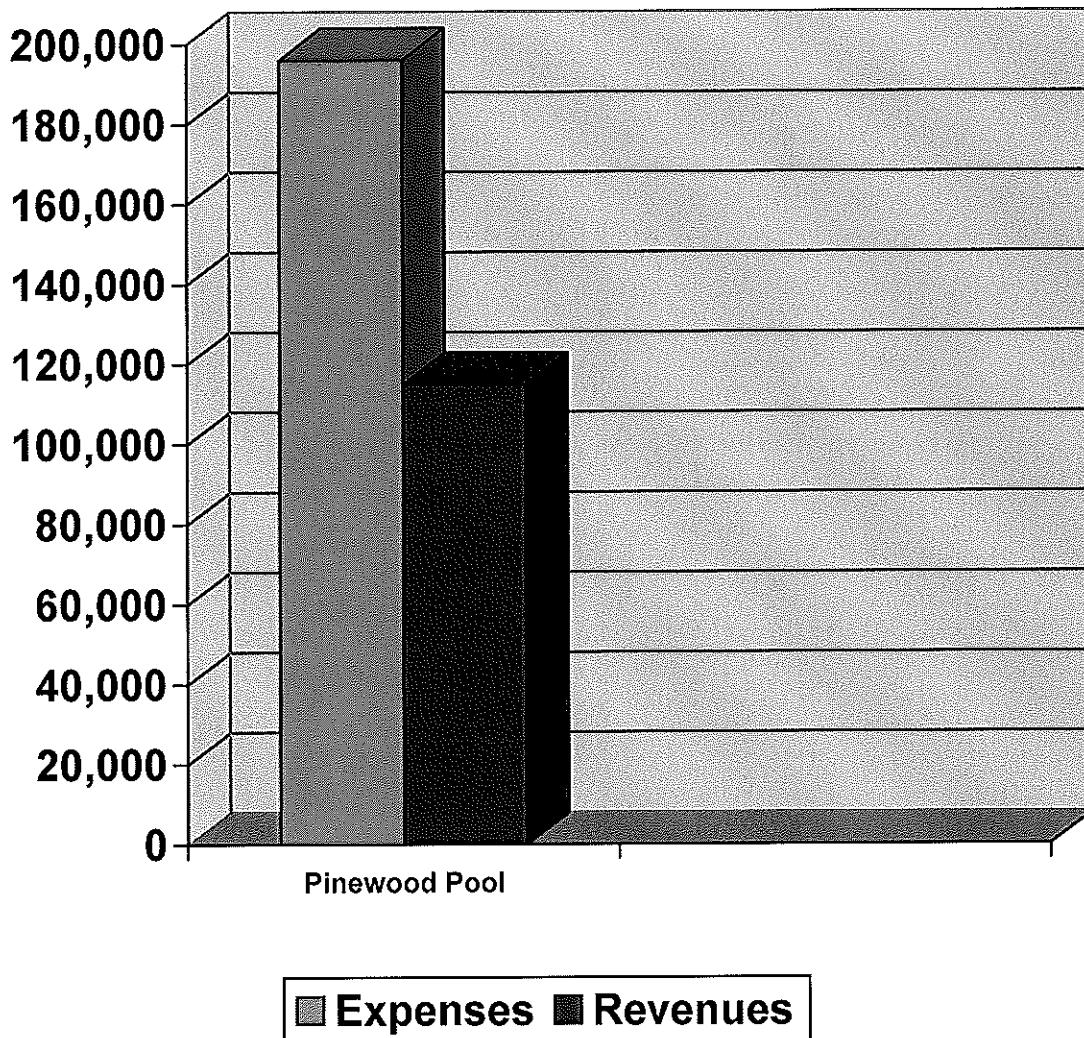
Most of the expenses that occurred in the year 2009 were related to Public Safety. Public Safety expenses were \$12,209,438. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$4,808,901 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 \$1,393,156 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$1,820,889 and include costs for staffing, benefits, insurance and various other administrative costs. Finally, Debt Service Interest was \$102,594 for the year for interest paid on 2004 revenue bonds.

Business-type activities

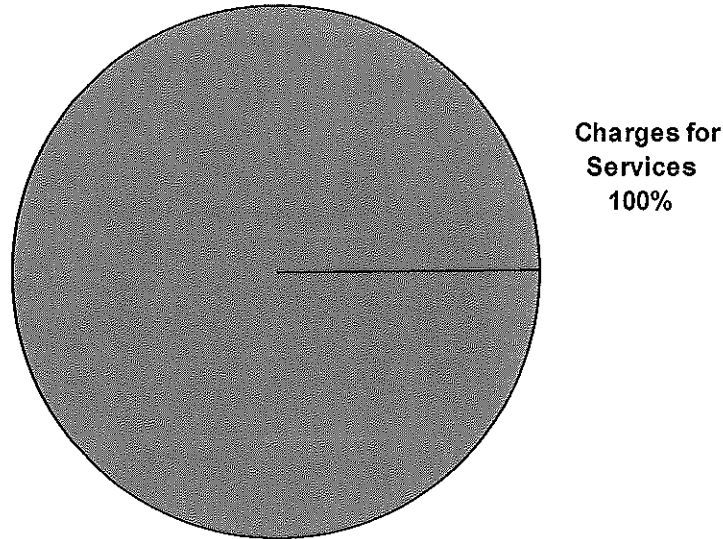
Business-type activities decreased the Township's net assets by \$81,101. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$81,101 in 2009. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2009 was the sixth full year of operation for the renovated site. The loss is attributed to continued increases in operating costs along with an annual decrease in the number of pool membership registrations.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



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 \$58,317,160 a decrease of \$11,221,255 compared to the previous year. Of the combined fund balance total, the entire amount is available to meet the Township's current and future needs.

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, unreserved 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, unreserved fund balance of the general fund was \$1,182,347 while total fund balance reached \$1,292,164. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of Falls Township's general fund increased \$1,288,402 during 2009. Various items contributed to this. Real estate transfer tax revenues and charges for services were down in 2009 and overall expenditures were higher; however, this was offset by a larger than anticipated transfer from the Host Community Fees fund which made up for declining revenues and rising expenses.

Host Community Fees

The Host Community Fees fund serves as the repository for the receipts of the landfill's tipping fees and the resource recovery station's fees. At the end of 2009, the unreserved and total fund balance was \$33,245,041. This is a decrease of \$7,526,766 from the prior year. The main reasons for the decrease were: the cost of the 2009 road program and the larger than anticipated transfer to the General Fund. The Township will continue its efforts to provide a Township-wide road reconstruction program along with several other projects annually.

Capital Reserve

The Capital Reserve fund serves the Township to finance various Township purchases and projects. At the end of 2009, the unreserved and total fund balance was \$22,056,284. This is a decrease in the amount of \$5,189,692 primarily due to the payoff of the Water and Sewer Revenue Bonds, Series 2004. This debt had been assumed by the Capital Reserve fund after the 2007 transfer of all Water and Sewer balances to the Capital Reserve fund. This transfer occurred due to the dissolution of the Township's Water and Sewer departments and the forming of a separate Authority for those operations. As a result of this payoff, the Township has no remaining bonded debt.

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 2009, the net assets were (\$90,356). This represents a decrease of \$81,101 over the prior year. Expenses continue to outpace revenues at the community pool. The Township strives to offer a state of the art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were under budget for 2009. The largest contributing factors were: Property tax revenues under budget by \$46,537, Real Estate Transfer taxes under budget by \$268,647, Local Services tax shortfall of \$92,691, and Charges for Services coming in short by \$613,231. Total expenditures for the year were over budget by a total of \$90,952. The overages occurred in Police Department expenditures which exceeded the budget by \$342,424 due mainly to additional overtime, higher health benefit costs and vehicle maintenance and repair; and, Public Works expenditures which exceeded the budget by \$418,565 due mainly to overtime for the road crew.

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, 2009, amount to \$86,563,424 (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 2009 included the following:

Road improvements for various roads in the Township amounting to just over \$8,172,000 in construction and engineering costs. Also improving our roadways were continuing upgrades to Township traffic signals at a cost of \$80,834.

Park improvements in the form of new playground equipment amounted to \$15,854, engineering costs for an upcoming boat ramp were \$99,300, and additions to the Dog Park and Skateboard Park cost \$12,574.

Capital purchases for the Police Department, including patrol car purchases, were just over \$265,061.

Upon settlement of an eminent domain proceeding in 2009, the Township acquired two tax parcels totaling 1.84 acres at a cost of \$1,757,000.

FALLS TOWNSHIP
Capital Assets
(net of accumulated depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land	\$ 14,703,925	\$ 16,460,926	\$ 162,700	\$ 162,700
Building and System	2,092,059	2,021,326	-	-
Improvements other than Building	2,957,138	2,599,724	-	-
Machinery and Equipment	991,696	1,103,001	-	-
Infrastructure	58,159,348	64,215,747	-	-
	\$ 78,904,166	\$ 86,400,724	\$ 162,700	\$ 162,700

Additional information on Falls Township's capital assets can be found in Note C on page 56 of this report.

Falls Township prepared a ten year capital purchase plan in 2004. All long-term planning for the acquisition of these various assets would be primarily funded through the Host Community Fees fund. The capital assets for the year 2009 in the Township's ten year capital purchase plan were acquired in accordance with the budget. These assets, along with the 2009 road program, were the Township's significant additions or improvements for the year.

Debt Administration

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

Additional information on Falls Township's long-term debt can be found in Note C on page 58 of this report.

Economic Factors and Next Year's Budgets and Rates

- 1) Tipping fees received from the landfill located in the Township were anticipated to increase in 2009 to just under \$12 million due to the expansion of the landfill. However, 2009 earnings fell short of that mark by over \$2.2 million due to the impact of the economic downturn. Tipping fee revenue is expected to remain at the reduced level throughout 2010.
- 2) The Pinewood Pool is expected to continue operations while trying to contain costs and exceed projected revenues.
- 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.
- 4) Additional funding will be necessary to supplement the revenues in the General Fund. It was decided by the Board of Supervisors to continue to transfer funds out of the Township's Host Community Fees fund. By doing so it is anticipated the necessary funds will be available to balance out the 2010 budget.
- 5) As part of the 2006 Settlement Agreement with the Township of Falls Authority (TOFA), the General Fund anticipates receiving \$506,372 in interest from TOFA to supplement its revenues.

All of these factors were considered in preparing the Falls Township's budget for 2010.

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.

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BASIC FINANCIAL STATEMENTS

TOWNSHIP OF FALLS
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 8,965,761	\$ -	\$ 8,965,761
Investments	33,451,009	-	33,451,009
Taxes receivable, net of allowance of \$0	88,256	-	88,256
Accounts receivable, net of allowance of \$125,027	1,775,880	-	1,775,880
Interest receivable	362,566	-	362,566
Prepaid expenses	156,839	-	156,839
Total Current Assets	<u>44,800,311</u>	<u>-</u>	<u>44,800,311</u>
Noncurrent Assets			
Capital Assets (net of accumulated depreciation)			-
Land	16,460,926	162,700	16,623,626
Buildings and systems	2,021,326	-	2,021,326
Infrastructure	64,215,748	-	64,215,748
Improvements other than buildings	2,599,724	-	2,599,724
Machinery and equipment	1,103,000	-	1,103,000
Total Capital Assets	<u>86,400,724</u>	<u>162,700</u>	<u>86,563,424</u>
Other Noncurrent Assets			
Notes receivable	16,795,212	-	16,795,212
Total Other Noncurrent Assets	<u>16,795,212</u>	<u>-</u>	<u>16,795,212</u>
Total Noncurrent Assets	<u>103,195,936</u>	<u>162,700</u>	<u>103,358,636</u>
TOTAL ASSETS	<u>\$ 147,996,247</u>	<u>\$ 162,700</u>	<u>\$ 148,158,947</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 970,022	\$ 253,080	\$ 1,223,102
Accrued salaries and benefits	232,501	397	232,898
Unearned revenue	177,716	-	177,716
Deposits	716,690	-	716,690
Internal balances	421	(421)	-
Compensated absences	396,241	-	396,241
Total Current Liabilities	<u>2,493,591</u>	<u>253,056</u>	<u>2,746,647</u>
Long-term Liabilities			
Judgment payable	500,000	-	500,000
Compensated absences	621,961	-	621,961
Other post-employment benefits	429,930	-	429,930
Total Long-term Liabilities	<u>1,551,891</u>	<u>-</u>	<u>1,551,891</u>
TOTAL LIABILITIES	<u>4,045,482</u>	<u>253,056</u>	<u>4,298,538</u>
NET ASSETS			
Investment in capital assets, net of related debt	86,400,724	162,700	86,563,424
Restricted for			-
Highways and streets	5,261,072	-	5,261,072
Culture and recreation	732,376	-	732,376
Unrestricted	51,556,593	(253,056)	51,303,537
TOTAL NET ASSETS	<u>143,950,765</u>	<u>(90,356)</u>	<u>143,860,409</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 147,996,247</u>	<u>\$ 162,700</u>	<u>\$ 148,158,947</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,820,889	\$ 713,199	\$ 501,355	\$ -	\$ (606,335)	\$ -	\$ (606,335)
Public safety	12,209,438	1,581,276	303,046	-	(10,325,116)	-	(10,325,116)
Public works- highways and streets	4,808,901	163,665	643,554	-	(4,001,682)	-	(4,001,682)
Culture and recreation	1,393,156	155,546	5,085	-	(1,232,525)	-	(1,232,525)
Debt service interest	102,594	-	-	-	(102,594)	-	(102,594)
TOTAL GOVERNMENTAL ACTIVITIES	20,334,978	2,613,686	1,453,040	-	(16,268,252)	-	(16,268,252)
BUSINESS-TYPE ACTIVITIES							
Pinewood Pool	195,939	114,838	-	-	-	(81,101)	(81,101)
TOTAL BUSINESS-TYPE ACTIVITIES	195,939	114,838	-	-	-	(81,101)	(81,101)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 20,530,917	\$ 2,728,524	\$ 1,453,040	\$ -	\$ (16,268,252)	\$ (81,101)	\$ (16,349,353)
GENERAL REVENUES							
Property taxes, levied for general purposes					\$ 2,321,546	\$ -	\$ 2,321,546
Real estate transfer taxes					531,353	-	531,353
Local services taxes					393,200	-	393,200
Mechanical device tax					23,778	-	23,778
Other taxes					14,109	-	14,109
Payment in lieu of taxes					75,000	-	75,000
Host community fees					11,617,345	-	11,617,345
Interest earnings					1,273,281	-	1,273,281
Miscellaneous revenues					179,229	-	179,229
TOTAL GENERAL REVENUES AND TRANSFERS					16,428,841	-	16,428,841
CHANGE IN NET ASSETS					160,589	(81,101)	79,488
NET ASSETS, BEGINNING OF YEAR					143,790,176	(9,255)	143,780,921
NET ASSETS, END OF YEAR					\$ 143,950,765	\$ (90,356)	\$ 143,860,409

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2009

	General	Capital Reserve	Host Community	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,568,805	\$ 870,465	\$ 4,751,187	\$ 1,775,304	\$ 8,965,761
Investments	-	5,071,325	28,379,684	-	33,451,009
Accounts receivable, net of allowance of \$125,027	325,816	-	1,413,402	36,662	1,775,880
Taxes receivable, net of allowance of \$0	34,930	-	-	53,326	88,256
Loans receivable	-	16,795,212	-	-	16,795,212
Interfund receivable	151,668	116,231	-	16,317	284,216
Prepaid expenses	156,839	-	-	-	156,839
TOTAL ASSETS	\$ 2,238,058	\$ 22,853,233	\$ 34,544,273	\$ 1,881,609	\$ 61,517,173
LIABILITIES					
Accounts payable	\$ 112,424	\$ 1,413	\$ 789,612	\$ 66,573	\$ 970,022
Deposits	-	700,045	-	16,645	716,690
Interfund payable	7,326	95,491	179,660	2,160	284,637
Salaries and benefits payable	604,397	-	-	24,345	628,742
Unearned revenue	221,747	-	329,960	48,215	599,922
TOTAL LIABILITIES	\$ 945,894	\$ 796,949	\$ 1,299,232	\$ 157,938	\$ 3,200,013
FUND BALANCES					
Reserve for					
Prepaid expenses	109,817	-	-	-	109,817
Loans receivable	-	16,795,212	-	-	16,795,212
Unreserved, reported in					
General fund	1,182,347	-	-	-	1,182,347
Special revenue fund	-	-	33,245,041	1,658,114	34,903,155
Permanent fund	-	-	-	65,557	65,557
Capital projects fund	-	5,261,072	-	-	5,261,072
TOTAL FUND BALANCES	\$ 1,292,164	\$ 22,056,284	\$ 33,245,041	\$ 1,723,671	\$ 58,317,160
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,238,058	\$ 22,853,233	\$ 34,544,273	\$ 1,881,609	\$ 61,517,173

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

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

DECEMBER 31, 2009

TOTAL GOVERNMENTAL FUNDS BALANCES	\$	58,317,160
Interest receivable is not a current resource and therefore is not reported in the governmental fund		362,566
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 and related accumulated depreciation is as follows:		
Land		16,460,926
Buildings and systems		4,034,112
Infrastructure		87,720,824
Improvements other than buildings		11,821,330
Machinery and equipment		5,674,335
Accumulated depreciation		(39,310,803)
Certain revenues will be collected after year end, but are not available soon enough to pay for current period expenditures and therefore are unearned in the funds		422,206
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 the following:		
Bond premiums/discounts and deferred amounts		-
Judgment payable		(500,000)
Compensated absences		(621,961)
Other post-employment benefits		(429,930)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>143,950,765</u>

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, 2009

	General	Capital Reserve	Host Community	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 921,113	\$ -	\$ -	\$ 1,400,433	\$ 2,321,546
Real estate transfer	531,353	-	-	-	531,353
Local services	407,309	-	-	-	407,309
Mechanical device	23,778	-	-	-	23,778
Motor fuel tax	-	-	-	643,554	643,554
Payment in lieu of taxes	29,605	-	-	45,395	75,000
Host community fees	-	-	11,067,346	-	11,067,346
Licenses and permits	651,484	-	-	-	651,484
Fines and forfeits	202,820	-	-	-	202,820
Interest earnings	529,282	117,415	499,517	17,687	1,163,901
Rents	-	-	-	166,526	166,526
Intergovernmental	501,355	-	-	260,532	761,887
Charges for services	1,823,969	-	81,630	229,392	2,134,991
Contributions and donations	-	-	-	47,600	47,600
Miscellaneous	878	8,550	-	-	9,428
TOTAL REVENUES	<u>5,622,946</u>	<u>125,965</u>	<u>11,648,493</u>	<u>2,811,120</u>	<u>20,208,524</u>
EXPENDITURES					
Current					
General government	2,157,639	145,176	60,770	106,605	2,470,190
Public safety	10,435,256	-	121,562	1,212,996	11,769,814
Public works- highways and streets	1,577,874	-	98,650	760,835	2,437,359
Cultural and recreation	-	-	22,150	862,636	884,786
Capital outlay					
General government	-	14,973	78,019	-	92,992
Public safety	-	-	296,309	-	296,309
Public works- highways and streets	-	-	10,103,392	39,247	10,142,639
Cultural and recreation	-	-	181,370	-	181,370
Debt service principal	-	3,055,000	-	-	3,055,000
Debt service interest	-	102,594	-	-	102,594
TOTAL EXPENDITURES	<u>14,170,769</u>	<u>3,317,743</u>	<u>10,962,222</u>	<u>2,982,319</u>	<u>31,433,053</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,547,823)</u>	<u>(3,191,778)</u>	<u>686,271</u>	<u>(171,199)</u>	<u>(11,224,529)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	9,924,951	-	-	412,000	10,336,951
Transfers out	(92,000)	(1,997,914)	(8,213,037)	(34,000)	(10,336,951)
Sale of capital assets	3,274	-	-	-	3,274
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,836,225</u>	<u>(1,997,914)</u>	<u>(8,213,037)</u>	<u>378,000</u>	<u>3,274</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>1,288,402</u>	<u>(5,189,692)</u>	<u>(7,526,766)</u>	<u>206,801</u>	<u>(11,221,255)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>3,762</u>	<u>27,245,976</u>	<u>40,771,807</u>	<u>1,516,870</u>	<u>69,538,415</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,292,164</u>	<u>\$ 22,056,284</u>	<u>\$ 33,245,041</u>	<u>\$ 1,723,671</u>	<u>\$ 58,317,160</u>

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, 2009

NET CHANGE IN FUND BALANCE- TOTAL GOVERNMENTAL FUNDS	\$	(11,221,255)
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expenses</p>		
Capital outlays		10,713,310
Depreciation expense		(3,216,751)
<p>Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the governmental funds</p>		
		174,391
<p>Repayment of bond principal is an expenditure in the governmental funds, but, the repayment reduces long-term liabilities in the statement of net assets</p>		
		3,055,000
<p>Bond discounts and issuance costs that are related to general obligations bonds that have been paid off in the current period are expenses in the statement of activities, but are recorded as other financing uses in the governmental funds.</p>		
		(338,400)
<p>Judgment payable does not require the use of current financial resources, therefore, is not reported as an expenditure in the governmental funds</p>		
		(500,000)
<p>Repayment of judgment payable is an expenditure in the governmental funds, but the repayment did not require the use of current financial resources</p>		
		1,648,944
<p>Compensated absences do not require the use of current financial resources, therefore are not reported as expenditures in the governmental funds</p>		
		(49,065)
<p>On the statement of activities the actual and estimated 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>		
		(214,965)
<p>Interest receivable is not a current resource and therefore is not reported in the governmental funds</p>		
		109,380
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>160,589</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 967,650	\$ 967,650	\$ 921,113	\$ (46,537)
Real estate transfer	800,000	800,000	531,353	(268,647)
Local services	500,000	500,000	407,309	(92,691)
Mechanical device	25,000	25,000	23,778	(1,222)
Payment in lieu of taxes	29,603	29,603	29,605	2
Licenses and permits	640,600	640,600	651,484	10,884
Fines and forfeits	210,000	210,000	202,820	(7,180)
Interest earnings	511,372	511,372	529,282	17,910
Intergovernmental	424,000	424,000	501,355	77,355
Charges for services	2,437,200	2,437,200	1,823,969	(613,231)
Miscellaneous revenues	100,000	100,000	878	(99,122)
TOTAL REVENUES	6,645,425	6,645,425	5,622,946	(1,022,479)
EXPENDITURES				
Current				
General government				
Supervisors	50,486	50,486	54,999	(4,513)
Manager	265,572	265,572	295,469	(29,897)
Finance and administration	398,148	398,148	459,753	(61,605)
Attorney	157,000	157,000	185,244	(28,244)
Other	1,884,210	1,884,210	1,162,174	722,036
Total general government	2,755,416	2,755,416	2,157,639	597,777
Public safety				
Police	8,922,684	8,922,684	9,265,108	(342,424)
Fire	347,842	347,842	354,875	(7,033)
Code Enforcement	893,566	893,566	815,273	78,293
Total public safety	10,164,092	10,164,092	10,435,256	(271,164)
Public works				
Highways and streets	1,159,309	1,159,309	1,577,874	(418,565)
Total public works	1,159,309	1,159,309	1,577,874	(418,565)
Miscellaneous	1,000	1,000	-	1,000
TOTAL EXPENDITURES	14,079,817	14,079,817	14,170,769	(90,952)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,434,392)	(7,434,392)	(8,547,823)	(1,113,431)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,422,000	7,422,000	9,924,951	2,502,951
Transfers out	-	-	(92,000)	(92,000)
Sale of capital assets	5,000	5,000	3,274	(1,726)
TOTAL OTHER FINANCING SOURCES (USES)	7,427,000	7,427,000	9,836,225	2,409,225
NET INCREASE (DECREASE) IN FUND BALANCES	(7,392)	(7,392)	1,288,402	1,295,794
FUND BALANCE, BEGINNING OF YEAR	3,762	3,762	3,762	-
FUND BALANCE, END OF YEAR	\$ (3,630)	\$ (3,630)	\$ 1,292,164	\$ 1,295,794

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - HOST COMMUNITY FEES FUND**

FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Host Community fees	\$ 13,119,400	\$ 13,119,400	\$ 11,067,346	\$ (2,052,054)
Interest earnings	1,950,000	1,950,000	499,517	(1,450,483)
Charges for services	387,000	387,000	81,630	(305,370)
TOTAL REVENUES	15,456,400	15,456,400	11,648,493	(3,807,907)
EXPENDITURES				
Current				
General government	98,825	98,825	60,770	38,055
Public safety	36,000	36,000	121,562	(85,562)
Public works - highway and street	130,000	130,000	98,650	31,350
Culture and recreation	22,500	22,500	22,150	350
Capital outlay		-		
General government	385,000	385,000	78,019	306,981
Public safety	503,730	503,730	296,309	207,421
Highways and streets	10,225,000	10,225,000	10,103,392	121,608
Culture and recreation	3,760,000	3,760,000	181,370	3,578,630
Debt service	-	-	-	-
TOTAL EXPENDITURES	15,161,055	15,161,055	10,962,222	4,198,833
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	295,345	295,345	686,271	390,926
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,640,000)	(7,640,000)	(8,213,037)	(573,037)
TOTAL OTHER FINANCING SOURCES (USES)	(7,640,000)	(7,640,000)	(8,213,037)	(573,037)
NET INCREASE (DECREASE) IN FUND BALANCE	(7,344,655)	(7,344,655)	(7,526,766)	(182,111)
FUND BALANCE, BEGINNING OF YEAR	40,771,807	40,771,807	40,771,807	-
FUND BALANCE, END OF YEAR	\$ 33,427,152	\$ 33,427,152	\$ 33,245,041	\$ (182,111)

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

DECEMBER 31, 2009

	Business-Type Activities- Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
ASSETS		
Current assets		
Due from other funds	\$ 421	\$ 421
TOTAL CURRENT ASSETS	421	421
Capital assets		
Land	162,700	162,700
TOTAL CAPITAL ASSETS	162,700	162,700
TOTAL ASSETS	\$ 163,121	\$ 163,121
LIABILITIES		
Current liabilities		
Accounts payable	\$ 253,080	\$ 172,062
Salaries and benefits payable	397	314
TOTAL CURRENT LIABILITIES	253,477	172,376
NET ASSETS		
Invested in capital assets, net of related debt	162,700	162,700
Unrestricted	(253,056)	(171,955)
TOTAL NET ASSET (DEFICIT)	\$ (90,356)	\$ (9,255)

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities- Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
OPERATING REVENUES		
Charges for sales and services		
Pool memberships	\$ 103,589	\$ 119,632
Concession income	11,249	15,613
Other services	-	450
	114,838	135,695
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Cost of sales and services	180,857	162,953
Administration	15,082	27,734
	195,939	190,687
TOTAL OPERATING EXPENSES		
Operating Income (Loss)	(81,101)	(54,992)
Transfers in	-	11,213
CHANGE IN NET ASSETS	(81,101)	(43,779)
NET ASSET (DEFICIT), BEGINNING	(9,255)	34,524
NET ASSET (DEFICIT), ENDING	\$ (90,356)	\$ (9,255)

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities- Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 114,838	\$ 135,245
Payments to suppliers	(99,839)	(103,231)
Payments to employees	(14,999)	(27,463)
Miscellaneous	-	450
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	5,001
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	-	11,213
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	-	11,213
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	-	(16,214)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(16,214)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (81,101)	\$ (54,992)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Increase (decrease) in accounts payable	81,018	59,862
Increase (decrease) in salaries and benefits payable	83	131
TOTAL ADJUSTMENTS	81,101	59,993
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ -	\$ 5,001

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

DECEMBER 31, 2009

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 5,481,946	\$ 2,017,880
Interest receivable	19,308	-
Accounts receivable	-	1,704
Prepaid expense	142,563	-
Investment, at fair value		
Certificates of deposit	991,000	-
Common stock, mutual funds	13,395,327	-
	<u>20,030,144</u>	<u>\$ 2,019,584</u>
TOTAL ASSETS		
	20,030,144	<u>\$ 2,019,584</u>
LIABILITIES		
Accrued investment expense	11,000	
Escrow deposits		<u>\$ 2,019,584</u>
NET ASSETS HELD IN TRUST FOR PENSION TRUST FUNDS	<u>\$ 20,019,144</u>	

See accompanying notes to the basic financial statements.

TOWNSHIP OF FALLS

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 785,562
Plan member	221,056
Commonwealth	403,514
Total contributions	<u>1,410,132</u>
Investment income	
Interest	18,731
Dividend income	367,016
Net appreciation in fair market value of investments	2,117,302
Total investment income	<u>2,503,049</u>
Less: investment expenses	<u>55,698</u>
Net investment income	<u>2,447,351</u>
Other income (loss)	<u>59</u>
TOTAL ADDITIONS	<u>3,857,542</u>
DEDUCTIONS	
Benefits	1,712,365
Administrative expenses	16,887
Refund of member's contributions	16,625
Accidental death insurance	19,815
TOTAL DEDUCTIONS	<u>1,765,692</u>
Change in net assets	2,091,850
NET ASSETS, BEGINNING OF YEAR	<u>17,927,294</u>
NET ASSETS, END OF YEAR	<u>\$ 20,019,144</u>

See accompanying notes to the basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the Township. 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
COUNTY OF BUCKS, PENNSYLVANIA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal balance activity (between or within funds). The proprietary and fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements. All assets and liabilities are included on the statement of net assets. 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 of construction of major capital facilities, other than those financed by proprietary and fiduciary funds.

The *Host Community Fee Fund* accounts for revenues collected through a contractual agreement with Waste Management, Inc.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Township reports the following major proprietary fund:

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

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

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 payment-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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

The Governmental Accounting Standard Board ("GASB") is the accepted standards-setting body for establishing government accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories and two account groups as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles. The Township has adopted the disclosure requirements of this standard for the year ended December 31, 2009.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets

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

The Township defines capital assets as assets with an estimated useful life in excess of two years and an initial, individual cost greater than \$5,000. Such assets are valued at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at the estimated fair value at the date of donation. Infrastructure includes retroactive reporting of assets prior to June 30, 1980.

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

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

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

	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets or Equity (Continued)

Long-Term Obligations

In the government-wide 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

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

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

The Township provides other post employment benefits to police officers as part of their collective bargaining agreement. The actuarial liability amortized over 30 years is reported in the government-wide financial statements.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside third parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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. Any encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures over Appropriations

For the year end December 31, 2009, expenditures exceeded appropriations in the following funds. These overexpenditures were funded by interfund transfers and available fund balances.

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 90,952
Fire Hydrant Fund	6,349
Fire Protection Fund	6,921
Library Fund	5,300
Parks and Recreation Fund	47,968
Capital Reserve Fund	3,229,742

C. DETAILED NOTES ON ALL FUNDS

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 of the Township in the amount of \$6,339,567 were collateralized by this pool of assets maintained by the Township's depository institutions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township will not be able to recover the value of its deposits. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2009, \$6,339,567 of the Township's bank balance of \$7,427,543 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust	
Department not in the Township's name	\$6,339,567

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

As of December 31, 2009, the Township had the following investments:

Government-Wide Investments (not including Fiduciary):

Investment	Fair Value
PA Local Government Investment Trust (PLGIT)	\$ 3,636,527
PA Treasury Invest Community Pool	1,005,756
First National Bank Money Market	1,017,640
SEI Government Fund	14,637,736
Federal Home Loan Mortgage Corp	5,989,870
Federal Home Loan Bank	5,160,040
Federal National Mortgage Association	2,003,440
	\$ 33,451,009

Fiduciary Investments:

Investment	Fair Value
Mutual Funds	\$ 13,395,327
PLGIT Certificates of Deposit	991,000
PA Local Government Investment Trust	5,481,946
	\$ 19,868,273

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

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, 2009, the Township's investments were rated as:

Investment	Standard & Poor's
PA Local Government Investment Trust	AAA
PA Treasury Invest Community Pool	AAA
Federal Home Loan Mortgage Corp	Not Available
Federal Home Loan Bank	Not Available
Federal National Mortgage Association	Not Available
Bond Mutual Funds	A

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

Investment	Fair Value	Percent of total Government-Wide Investments
Federal Home Loan Mortgage Corp	\$ 5,989,870	17%
Federal Home Loan Bank	5,160,040	15%
Federal National Mortgage Association	2,003,440	6%

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2009, the Township's investments had the following weighted average maturities:

Investment	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Mortgage Corp	\$ 5,989,870	2.21
Federal Home Loan Bank	5,160,040	1.79
Federal National Mortgage Association	2,003,440	2.37
PLGIT Certificates of Deposit	991,000	0.05
Bond Mutual Funds	4,528,758	1.21

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

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. Except for the portion of the PLGIT invested in the PLGIT certificate of deposit program, the above investments are not subject to interest rate risk.

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:

	General	Host Community	Nonmajor Funds	Fiduciary Funds	Total
Receivables:					
Taxes	\$ 34,930	\$ -	\$ 53,326	\$ -	\$ 88,256
Accounts	357,264	1,506,611	37,032	1,704	1,902,611
Interest				19,308	19,308
Gross Receivables	392,194	1,506,611	90,358	21,012	2,010,175
Less: Allowance for uncollectibles	(31,448)	(93,209)	(370)	-	(125,027)
Total net receivables	<u>\$360,746</u>	<u>\$1,413,402</u>	<u>\$89,988</u>	<u>\$21,012</u>	<u>\$1,885,148</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Loans Receivable

On December 29, 2006, the Township entered into a note in the amount of \$15,379,081, pursuant to an Asset Purchase Agreement with the Township of Falls Authority (the "Authority") for the sale of the Township's water and sewer assets. The term of the note are: interest calculated at a fixed rate of 3% per annum; principal paid in full in 2011 on or before December 31, 2011; no prepayment penalty; interest paid annually on or before June 30 of each year through 2011.

The Township and the Authority also entered into a note in the amount of \$1,500,000, which represents a loan from the Authority's operational start-up costs. The terms of the note are: interest calculated at a fixed rate of 3% per annum; principal paid in full on or before December 31, 2011; no prepayment penalty; interest paid annually on or before June 30 of each year through 2011.

Deferred Revenue

Governmental funds report deferred 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. At the end of the current fiscal year, the components of deferred revenue reported in governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable - general fund	\$ 31,439	\$ -
Delinquent property taxes receivable - special revenue funds	48,215	-
Accounts receivable, not available	98,062	-
Accounts receivable, unearned	-	422,206
 Total governmental deferred revenue	 \$ 177,716	 \$ 422,206

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended December 31, 2009, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities				
Capital Assets Not being Depreciated				
Land	\$ 14,703,925	\$ 1,757,001	\$ -	\$ 16,460,926
Capital Assets Being Depreciated				
Buildings	3,957,408	76,703	-	4,034,111
Improvements other than building	11,681,605	139,725	-	11,821,330
Machinery, equipment, and vehicles	5,187,528	486,807	-	5,674,335
Infrastructure	79,467,751	8,253,073	-	87,720,824
Total Capital Assets being depreciated	<u>100,294,292</u>	<u>8,956,308</u>	<u>-</u>	<u>109,250,600</u>
Less accumulated depreciation for:				
Buildings	1,865,349	147,436	-	2,012,785
Improvements other than building	8,724,467	497,139	-	9,221,606
Machinery, equipment, and vehicles	4,195,832	375,502	-	4,571,334
Infrastructure	21,308,403	2,196,674	-	23,505,077
Total Accumulated Depreciation	<u>36,094,051</u>	<u>3,216,751</u>	<u>-</u>	<u>39,310,802</u>
Total capital assets being depreciated, net	<u>64,200,241</u>	<u>5,739,557</u>	<u>-</u>	<u>69,939,798</u>
Governmental activities capital assets, net	<u>\$ 78,904,166</u>	<u>\$ 5,739,557</u>	<u>\$ -</u>	<u>\$ 86,400,724</u>
Business-Type Activities				
Capital Assets				
Land	\$ 162,700	\$ -	\$ -	\$ 162,700
Business-Type activities capital assets, net	<u>\$ 162,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,700</u>

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

Governmental Activities

General Government	\$ 122,013
Public Safety	262,200
Public Works	2,326,718
Culture and Recreation	505,820
Total depreciation expense- governmental activities	<u>\$ 3,216,751</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at December 31, 2009:

	Receivable 12/31/2009	Payable 12/31/2009
General fund	\$ 151,668	\$ 7,326
Capital reserve	116,231	95,491
Host community fund	-	179,660
Pool fund	421	-
Nonmajor funds	16,317	2,160
	<u>\$ 284,637</u>	<u>\$ 284,637</u>

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

Interfund transfers for the year ended December 31, 2009, consisted of the following:

	Transfers to Other Funds 12/31/2009	Transfers from Other Funds 12/31/2009
General fund	\$ 92,000	\$ 9,924,951
Capital reserve	1,997,914	-
Host community fund	8,213,037	-
Nonmajor funds	34,000	412,000
	<u>\$ 10,336,951</u>	<u>\$ 10,336,951</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

C. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Interfund Receivables, Payables, and Transfers (Continued)

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

Long-Term Liabilities

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental Activities					
2004 revenue bonds	\$3,055,000	\$ -	\$ 3,055,000	\$ -	\$ -
Bond premium/discount	10,690	-	10,690	-	-
Deferred amount on refunding	(322,163)	-	(322,163)	-	-
Net bonds payable	<u>2,743,527</u>	-	<u>2,743,527</u>	-	-
Capital lease obligations	34,182	-	34,182	-	-
Other post-employment benefits	214,965	214,965	-	429,930	-
Compensated absences	986,456	139,877	108,131	1,018,202	396,241
Total Governmental Activities	<u>\$3,979,130</u>	<u>\$ 354,842</u>	<u>\$ 2,885,840</u>	<u>\$ 1,448,132</u>	<u>\$ 396,241</u>

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

Defeased Debt

In prior years, the Township defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable escrow accounts with a trust agent to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Township's financial statements. The balance of defeased debt is \$3,885,000 at December 31, 2009.

D. OTHER INFORMATION

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, 2009.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

D. OTHER INFORMATION (CONTINUED)

Contingent Liabilities (Continued)

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.

Other Post-employment Benefits

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

Funding Policy – The Township has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (“OPEB”) costs or the net OPEB obligation. For the 2009 year, 23 eligible retirees received postemployment health care benefits. The Township provided age-adjusted contributions toward the annual OPEB cost. Required contributions are based on projected age-adjusted pay-as-you-go financing. The following table shows the Township’s annual OPEB cost for the year, under the tri-annual valuation, the amount actually contributed to the plan, and changes in the Township’s net OPEB obligation:

Annual required contribution ("ARC")	\$ 395,029
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	395,029
Contributions toward the OPEB cost	(180,064)
Increase in net OPEB obligation	214,965
Net OPEB obligation, beginning of year	214,965
Net OPEB obligation, end of year	\$ 429,930

Annual OPEB Cost and Net OPEB Obligation – The Township’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of December 31, 2008 (the first year of implementation, under the tri-annual valuation), was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 395,029	46%	\$ 214,965

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

D. OTHER INFORMATION (CONTINUED)

Other Post-employment Benefits (Continued)

Funded Status and Funding Progress – As of December 31, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$6,307,595, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$6,307,595. The covered payroll (annual payroll of active participating employees) was \$3,689,955 for the 2008 year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 170.9 percent.

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

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

The Township's initial OPEB actuarial valuation as of December 31, 2008, used the entry age normal actuarial cost method to estimate both the unfunded liability as of December 31, 2008, and to estimate the Township's 2008 annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.0 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 8% initially for the 2008 year, decreasing by .5% per year to 5% in 2017. The amortization method for the unfunded actuarial liability is "level percent of pay." The remaining amortization period at December 31, 2008, is 29 years.

Pension Plans

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

D. OTHER INFORMATION (CONTINUED)

Pension Plans (Continued)

Police Pension Plan (PPP)

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

Membership of the PPP consisted of the following January 1, 2009, the date of the latest actuarial valuations:

Active Plan members	44
Retirees and beneficiaries receiving benefits	51
Terminated employees entitled to benefit but not yet receiving them	0
 Total	 95

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

Contributions and Funding Policy - As a condition of participation, full-time officers are required to contribute 5% of compensation to the PPP. The Township allocates State Aid received from the Commonwealth of Pennsylvania to the PPP. To the extent that these fundings are not adequate, the Township would be required to contribute. In accordance with Act 205, the Township contributed \$1,060,137 to the plan for the year 2009. The Township contributed \$403,514 of Commonwealth State Aid, and an additional \$656,623 to the plan for 2009 as required. The payment from the Commonwealth for State Aid is recognized as revenue in the General Fund and an expenditure in the Fiduciary Fund. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

D. OTHER INFORMATION (CONTINUED)

Pension Plans (Continued)

Annual Pension Cost - The Township's annual pension cost ("APC") for the PPP for the year ended December 31, 2009, is as follows:

Annual Required Contribution ("ARC")	\$ 1,060,137
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost	1,060,137
Contributions made	1,060,137
Increase in net pension obligation	-
Net pension obligation end of year	\$ -

Three Year Trend Information

Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
2007	\$ 872,703	100%	-
2008	862,493	100%	-
2009	1,060,137	100%	-

Funding Status and Funding Progress- As of January 1, 2009, the most recent actuarial valuation date, the plan was 66.11 percent funded. The actuarial accrued liability for benefits was \$29.8 million and the actuarial value of assets was \$19.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$10.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.19 million, and the ratio of the UAAL to the covered payroll was 241.2 percent.

The schedule of funding progress, presented in the RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

D. OTHER INFORMATION (CONTINUED)

Pension Plans (Continued)

Actuarial Methods and Assumptions-

A summary of the actuarial assumptions are as follows:

Actuarial valuation date	January 1, 2009
Actuarial cost method	Entry age normal
Asset valuation method	Fresh Start Smoothing Method
Amortization method	Level dollar, open
Remaining amortization period	13.43 years
Actuarial assumptions	
Investment rate of return	8.00%
Projected salary increases	5.00%
Cost of living increases	3.00%

Non Uniform Pension Plan ("NUPP")

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

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 \$128,999 for the year ended December 31, 2009.

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.

Rounding

Some schedules in the financial statements may have dollar differences due to rounding.

Subsequent Events

In June, 2010, as a result of litigation, the Township is obligated to pay \$500,000, which has been recorded in the statement of financial position as of December 31, 2009, as judgment payable.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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

Schedule of Funding Progress for the Police Pension Plan

For the Year Ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll ((b - a) / c)
1/1/2003	\$ 19,080,871	\$20,827,840	\$ 1,746,969	91.6%	\$ 3,180,885	54.9%
1/1/2005	19,014,901	23,301,175	4,286,274	81.6%	3,509,731	122.1%
1/1/2007	20,637,237	26,899,937	6,262,700	76.7%	3,828,056	163.6%
1/1/2009	19,719,896	29,828,997	10,109,101	66.1%	4,190,968	241.2%

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

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

Schedule of Funding Progress for Other Post Employment Benefits

For the Year Ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll ((b - a) / c)
1/1/2008	\$ -	\$6,307,595	\$ 6,307,595	0%	\$ 3,689,955	170.9%

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SUPPLEMENTARY INFORMATION

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

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 .22 mill real estate tax levy. The revenues of this fund are restricted to expenditures for the maintenance and repair of fire hydrants located within the Township.

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

Street Lighting Fund – This fund is used to account for revenue derived from a 1.00 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 1.26 mill real estate tax levy that is restricted to the development of programs that are recreational in nature – such as maintenance of Township 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.

Township Building Complex Fund – This fund is used to account for revenues from the rental of office space that is funding building maintenance.

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.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government’s program.

Development Maintenance Fund – This fund is used to account for contributions from developers used to maintain various developments in the Township.

TOWNSHIP OF FALLS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2009

	Special Revenue											Total	
	Fire Hydrant	Highway Aid	Street Lighting	Street	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Township Building Complex	Crime Prevention		Total
ASSETS													
Cash and cash equivalents	\$ 7,952	\$ 396,192	\$ 293	\$ (6,844)	\$ 1,648	\$ 445,084	\$ 730,247	\$(1,187)	\$ 98,002	\$ 38,360	\$ 1,709,747	\$ 65,557	\$ 1,775,304
Taxes receivable	2,685	-	12,194	15,254	1,709	-	15,377	6,107	-	-	53,326	-	53,326
Interfund receivable	-	-	-	-	-	-	16,317	-	-	-	16,317	-	16,317
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	36,662	-	36,662	-	36,662
TOTAL ASSETS	\$ 10,637	\$ 396,192	\$ 12,487	\$ 8,410	\$ 3,357	\$ 445,084	\$ 761,941	\$ 4,920	\$ 134,664	\$ 38,360	\$ 1,816,052	\$ 65,557	\$ 1,881,609
LIABILITIES													
Accounts payable	\$ 10,379	\$ 20,186	\$ 29,510	\$ -	\$ -	\$ -	\$ 6,108	\$ -	\$ 390	\$ -	\$ 66,573	\$ -	\$ 66,573
Interfund payable	-	-	-	-	-	-	2,160	-	-	-	2,160	-	2,160
Deposits	-	-	-	-	-	-	250	-	16,395	-	16,645	-	16,645
Salaries and benefits payable	-	-	-	-	-	-	19,320	-	-	5,025	24,345	-	24,345
Unearned revenue	2,429	-	11,033	13,788	1,545	-	13,900	5,520	-	-	48,215	-	48,215
TOTAL LIABILITIES	12,808	20,186	40,543	13,788	1,545	-	41,738	5,520	16,785	5,025	157,938	-	157,938
FUND BALANCES													
Unreserved, reported in:													
Special revenue funds	(2,171)	376,006	(28,056)	(5,378)	1,812	445,084	720,203	(600)	117,879	33,335	1,658,114	-	1,658,114
Permanent funds	-	-	-	-	-	-	-	-	-	-	-	65,557	65,557
TOTAL FUND BALANCES (DEFICITS)	(2,171)	376,006	(28,056)	(5,378)	1,812	445,084	720,203	(600)	117,879	33,335	1,658,114	65,557	1,723,671
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,637	\$ 396,192	\$ 12,487	\$ 8,410	\$ 3,357	\$ 445,084	\$ 761,941	\$ 4,920	\$ 134,664	\$ 38,360	\$ 1,816,052	\$ 65,557	\$ 1,881,609

TOWNSHIP OF FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

	Special Revenue													Total							
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Township Building Complex	Crime Prevention	Total	Development	Maintenance Fund		Nonmajor Governmental Funds						
REVENUES																					
Taxes																					
Property	\$ 70,333	\$ -	\$319,903	\$401,005	\$44,913	\$ -	\$403,873	\$160,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Motor fuel tax	-	643,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	643,554
Payment in lieu of taxes	2,285	-	10,388	12,985	1,454	-	13,089	5,194	-	-	-	-	-	-	-	-	-	-	-	-	45,395
Interest earnings	44	1,221	151	164	14	1,448	14,101	70	202	109	17,524	163	17,687	-	-	-	-	-	-	-	17,687
Rents	-	-	-	-	-	-	10,050	-	156,476	-	-	-	-	-	-	-	-	-	-	-	166,526
Intergovernmental	-	-	-	260,532	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260,532
Charges for services	-	-	-	-	-	73,846	155,546	-	-	-	-	-	-	-	-	-	-	-	-	-	229,392
Contributions and donations	-	-	-	-	-	-	5,085	-	-	-	-	-	-	-	-	-	-	-	-	-	47,600
TOTAL REVENUES	72,662	644,775	330,442	674,686	46,381	75,295	601,744	165,670	156,678	42,624	2,810,957	163	2,811,120								
EXPENDITURES																					
Current																					
General government	-	-	-	-	-	-	-	-	106,605	-	-	-	-	-	-	-	-	-	-	-	106,605
Public safety	75,291	-	-	637,621	-	-	-	162,449	-	317,635	1,212,996	-	1,212,996	-	-	-	-	-	-	-	1,212,996
Public works - highway and street	-	420,476	340,359	-	-	-	-	-	-	-	760,835	-	760,835	-	-	-	-	-	-	-	760,835
Culture and recreation	-	-	-	-	50,300	-	812,336	-	-	-	862,636	-	862,636	-	-	-	-	-	-	-	862,636
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works - highway and street	-	39,247	-	-	-	-	-	-	-	-	39,247	-	39,247	-	-	-	-	-	-	-	39,247
TOTAL EXPENDITURES	75,291	459,723	340,359	637,621	50,300	-	812,336	162,449	106,605	317,635	2,982,319	-	2,982,319								
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,629)	185,052	(9,917)	17,065	(3,919)	75,295	(210,592)	3,221	50,073	(275,011)	(171,362)	163	(171,199)								
OTHER FINANCING SOURCES (USES)																					
Transfer in	-	122,000	-	(26,000)	(1,000)	-	100,000	-	-	-	190,000	-	412,000	-	-	-	-	-	-	-	412,000
Transfer out	-	-	-	-	-	-	-	(7,000)	-	-	(34,000)	-	(34,000)	-	-	-	-	-	-	-	(34,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	122,000	-	(26,000)	(1,000)	-	100,000	(7,000)	-	-	156,000	-	378,000	-	-	-	-	-	-	-	378,000
NET INCREASE (DECREASE) IN FUND BALANCES	(2,629)	307,052	(9,917)	(8,935)	(4,919)	75,295	(110,592)	(3,779)	50,073	(85,011)	206,638	163	206,801								
FUND BALANCES, BEGINNING OF YEAR	458	68,954	(18,139)	3,557	6,731	369,790	830,795	3,179	67,805	118,346	1,451,476	65,394	1,516,870								
FUND BALANCES (DEFICITS), END OF YEAR	\$ (2,171)	\$ 376,006	\$ (28,056)	\$ (5,378)	\$ 1,812	\$ 445,084	\$ 720,203	\$ (600)	\$ 117,879	\$ 33,335	\$ 1,658,114	\$ 65,557	\$ 1,723,671								

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE HYDRANT SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 72,255	\$ 72,255	\$ 70,333	\$ (1,922)
Payment in lieu of taxes	2,288	2,288	2,285	(3)
Interest earnings	300	300	44	(256)
TOTAL REVENUES	<u>74,843</u>	<u>74,843</u>	<u>72,662</u>	<u>(2,181)</u>
EXPENDITURES				
Current				
Public safety	<u>68,942</u>	<u>68,942</u>	<u>75,291</u>	<u>(6,349)</u>
TOTAL EXPENDITURES	<u>68,942</u>	<u>68,942</u>	<u>75,291</u>	<u>(6,349)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,901</u>	<u>5,901</u>	<u>(2,629)</u>	<u>(8,530)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	5,901	5,901	(2,629)	(8,530)
FUND BALANCE, BEGINNING	<u>458</u>	<u>458</u>	<u>458</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 6,359</u>	<u>\$ 6,359</u>	<u>\$ (2,171)</u>	<u>\$ (8,530)</u>

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HIGHWAY AID SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor fuel tax	\$ 645,306	\$ 645,306	\$ 643,554	\$ (1,752)
Interest earnings	16,000	16,000	1,221	(14,779)
TOTAL REVENUES	<u>661,306</u>	<u>661,306</u>	<u>644,775</u>	<u>(16,531)</u>
EXPENDITURES				
Current				
Public works - highways and streets	625,538	625,538	420,476	205,062
Capital outlay				
Public works - highways and streets	40,000	40,000	39,247	753
TOTAL EXPENDITURES	<u>665,538</u>	<u>665,538</u>	<u>459,723</u>	<u>205,815</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,232)</u>	<u>(4,232)</u>	<u>185,052</u>	<u>189,284</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	122,000	122,000
Transfer out	(40,000)	(40,000)	-	40,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,000)</u>	<u>(40,000)</u>	<u>122,000</u>	<u>162,000</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(44,232)	(44,232)	307,052	351,284
FUND BALANCE, BEGINNING	<u>68,954</u>	<u>68,954</u>	<u>68,954</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 24,722</u>	<u>\$ 24,722</u>	<u>\$ 376,006</u>	<u>\$ 351,284</u>

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STREET LIGHTING SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 328,841	\$ 328,841	\$ 319,903	\$ (8,938)
Payment in lieu of taxes	10,388	10,388	10,388	-
Interest earnings	8,000	8,000	151	(7,849)
TOTAL REVENUES	347,229	347,229	330,442	(16,787)
EXPENDITURES				
Current				
Public works - highways and streets	350,000	350,000	340,359	9,641
TOTAL EXPENDITURES	350,000	350,000	340,359	9,641
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,771)	(2,771)	(9,917)	(7,146)
NET INCREASE (DECREASE) IN FUND BALANCE	(2,771)	(2,771)	(9,917)	(7,146)
FUND BALANCE (DEFICIT), BEGINNING	(18,139)	(18,139)	(18,139)	-
FUND BALANCE (DEFICIT), ENDING	\$ (20,910)	\$ (20,910)	\$ (28,056)	\$ (7,146)

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE PROTECTION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 412,870	\$ 412,870	\$ 401,005	\$ (11,865)
Payment in lieu of taxes	12,983	12,983	12,985	2
Intergovernmental	252,000	252,000	260,532	8,532
Interest earnings	4,000	4,000	164	(3,836)
	<u>681,853</u>	<u>681,853</u>	<u>674,686</u>	<u>(7,167)</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public safety	650,700	650,700	657,621	(6,921)
	<u>650,700</u>	<u>650,700</u>	<u>657,621</u>	<u>(6,921)</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>31,153</u>	<u>31,153</u>	<u>17,065</u>	<u>(14,088)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,000)	(26,000)	(26,000)	-
NET INCREASE (DECREASE) IN FUND BALANCE	5,153	5,153	(8,935)	(14,088)
FUND BALANCE, BEGINNING	<u>3,557</u>	<u>3,557</u>	<u>3,557</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 8,710</u>	<u>\$ 8,710</u>	<u>\$ (5,378)</u>	<u>\$ (14,088)</u>

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LIBRARY SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 46,289	\$ 46,289	\$ 44,913	\$ (1,376)
Payment in lieu of taxes	1,455	1,455	1,454	(1)
Interest earnings	300	300	14	(286)
	<u>48,044</u>	<u>48,044</u>	<u>46,381</u>	<u>(1,663)</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Culture and recreation	45,000	45,000	50,300	(5,300)
	<u>45,000</u>	<u>45,000</u>	<u>50,300</u>	<u>(5,300)</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,044</u>	<u>3,044</u>	<u>(3,919)</u>	<u>(6,963)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(1,000)	-
NET INCREASE (DECREASE) IN FUND BALANCE	<u>2,044</u>	<u>2,044</u>	<u>(4,919)</u>	<u>(6,963)</u>
FUND BALANCE, BEGINNING	<u>6,731</u>	<u>6,731</u>	<u>6,731</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,775</u>	<u>\$ 8,775</u>	<u>\$ 1,812</u>	<u>\$ (6,963)</u>

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

PARK AND RECREATION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 416,403	\$ 416,403	\$ 403,873	\$ (12,530)
Payment in lieu of taxes	13,088	13,088	13,089	1
Rents	11,200	11,200	10,050	(1,150)
Charges for services	193,000	193,000	155,546	(37,454)
Interest earnings	64,000	64,000	14,101	(49,899)
Contributions and donations	10,000	10,000	5,085	(4,915)
TOTAL REVENUES	<u>707,691</u>	<u>707,691</u>	<u>601,744</u>	<u>(105,947)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>764,368</u>	<u>764,368</u>	<u>812,336</u>	<u>(47,968)</u>
TOTAL EXPENDITURES	<u>764,368</u>	<u>764,368</u>	<u>812,336</u>	<u>(47,968)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(56,677)</u>	<u>(56,677)</u>	<u>(210,592)</u>	<u>(153,915)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	43,323	43,323	(110,592)	(153,915)
FUND BALANCE, BEGINNING	<u>830,795</u>	<u>830,795</u>	<u>830,795</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 874,118</u>	<u>\$ 874,118</u>	<u>\$ 720,203</u>	<u>\$ (153,915)</u>

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RESCUE SQUAD SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 164,983	\$ 164,983	\$ 160,406	\$ (4,577)
Payment in lieu of taxes	5,198	5,198	5,194	(4)
Interest earnings	700	700	70	(630)
TOTAL REVENUES	<u>170,881</u>	<u>170,881</u>	<u>165,670</u>	<u>(5,211)</u>
EXPENDITURES				
Current				
Public Safety	<u>162,500</u>	<u>162,500</u>	<u>162,449</u>	<u>51</u>
TOTAL EXPENDITURES	<u>162,500</u>	<u>162,500</u>	<u>162,449</u>	<u>51</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,381</u>	<u>8,381</u>	<u>3,221</u>	<u>(5,160)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	1,381	1,381	(3,779)	(5,160)
FUND BALANCE, BEGINNING	<u>3,179</u>	<u>3,179</u>	<u>3,179</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 4,560</u>	<u>\$ 4,560</u>	<u>\$ (600)</u>	<u>\$ (5,160)</u>

TOWNSHIP OF FALLS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CRIME PREVENTION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 1,000	\$ 1,000	\$ 109	\$ (891)
Contributions and donations	54,000	54,000	42,515	(11,485)
TOTAL REVENUES	<u>55,000</u>	<u>55,000</u>	<u>42,624</u>	<u>(12,376)</u>
EXPENDITURES				
Current				
Public Safety	<u>350,377</u>	<u>350,377</u>	<u>317,635</u>	<u>32,742</u>
TOTAL EXPENDITURES	<u>350,377</u>	<u>350,377</u>	<u>317,635</u>	<u>32,742</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(295,377)</u>	<u>(295,377)</u>	<u>(275,011)</u>	<u>20,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(105,377)	(105,377)	(85,011)	20,366
FUND BALANCE, BEGINNING	<u>118,346</u>	<u>118,346</u>	<u>118,346</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 12,969</u>	<u>\$ 12,969</u>	<u>\$ 33,335</u>	<u>\$ 20,366</u>

TOWNSHIP OF FALLS

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL RESERVE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 130,000	\$ 130,000	\$ 117,415	\$ (12,585)
Intergovernmental	25,000	25,000	-	(25,000)
Miscellaneous	-	-	8,550	8,550
TOTAL REVENUES	<u>155,000</u>	<u>155,000</u>	<u>125,965</u>	<u>(29,035)</u>
EXPENDITURES				
Current				
General Government	30,000	30,000	145,176	(115,176)
Capital Outlay				
General Government	28,000	28,000	14,973	13,027
Highways and streets	30,000	30,000	-	30,000
Debt Service	-	-	3,157,594	(3,157,594)
TOTAL EXPENDITURES	<u>88,000</u>	<u>88,000</u>	<u>3,317,743</u>	<u>(3,229,743)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>67,000</u>	<u>67,000</u>	<u>(3,191,778)</u>	<u>(3,258,778)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,997,914)	(1,997,914)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,997,914)</u>	<u>(1,997,914)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	67,000	67,000	(5,189,692)	(5,256,691)
FUND BALANCE, BEGINNING	<u>27,245,976</u>	<u>27,245,976</u>	<u>27,245,976</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 27,312,976</u>	<u>\$ 27,312,976</u>	<u>\$ 22,056,284</u>	<u>\$ (5,252,691)</u>

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

Fiduciary Funds

Combining Financial Statements

Pension Trust Funds

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

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

Schedule of Changes in Assets and Liabilities

Agency Fund

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

TOWNSHIP OF FALLS

COMBINING STATEMENT OF PLAN NET ASSETS

ALL PENSION TRUST FUNDS

DECEMBER 31, 2009

	<u>Non-Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 5,481,946	\$ 5,481,946
Interest receivable	-	19,308	19,308
Accounts receivable	-	142,563	142,563
Investment, at fair value			
Certificates of deposit	-	991,000	991,000
Common stock, mutual funds	<u>1,827,878</u>	<u>11,567,449</u>	<u>13,395,327</u>
TOTAL ASSETS	<u>1,827,878</u>	<u>18,202,266</u>	<u>20,030,144</u>
LIABILITIES			
Accrued investment expense	<u>-</u>	<u>11,000</u>	<u>11,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>11,000</u>	<u>11,000</u>
NET ASSETS HELD IN TRUST FOR PENSION (a schedule of funding progress for the plan is presented in the RSI).	<u>\$ 1,827,878</u>	<u>\$ 18,191,266</u>	<u>\$ 20,019,144</u>

TOWNSHIP OF FALLS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

ALL PENSION TRUST FUNDS

DECEMBER 31, 2009

	Non-Uniform Pension Fund	Police Pension Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 128,939	\$ 656,623	\$ 785,562
Plan Member	-	221,056	221,056
Commonwealth	-	403,514	403,514
Total Contributions	128,939	1,281,193	1,410,132
Investment Income			
Interest	-	18,731	18,731
Dividend income	-	367,016	367,016
Net appreciation in fair market value of investments	236,238	1,881,064	2,117,302
Total Investment Income	236,238	2,266,811	2,503,049
Less: investment expenses	-	55,698	55,698
Net investment income (loss)	236,238	2,211,113	2,447,351
Other income	59	-	59
Total additions	365,236	3,492,306	3,857,542
DEDUCTIONS			
Benefits	22,035	1,690,330	1,712,365
Administrative expenses	9,370	7,517	16,887
Refund of member's contributions		16,625	16,625
Accidental death insurance	-	19,815	19,815
Total deductions	31,405	1,734,287	1,765,692
CHANGE IN NET ASSETS	333,831	1,758,019	2,091,850
NET ASSETS, BEGINNING OF YEAR	1,494,047	16,433,247	17,927,294
NET ASSETS, END OF YEAR	\$ 1,827,878	\$ 18,191,266	\$ 20,019,144

TOWNSHIP OF FALLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TOWNSHIP ESCROW AND SUBDIVISION FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
<u>TOWNSHIP ESCROW AND SUBDIVISION</u>				
ASSETS				
Cash and cash equivalents	\$ 2,339,740	\$ 15,670	\$ 337,530	\$ 2,017,880
Accounts receivable	1,704	-	-	1,704
TOTAL ASSETS	<u>\$ 2,341,444</u>	<u>\$ 15,670</u>	<u>\$ 337,530</u>	<u>\$ 2,019,584</u>
LIABILITIES				
Escrow Deposits	\$ 2,341,444	\$ -	\$ -	\$ 2,019,584
TOTAL LIABILITIES	<u>\$ 2,341,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,019,584</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

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

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009

	2008	2009
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 14,703,925	\$ 16,460,925
Building	3,957,408	4,034,111
Machinery and Equipment	3,041,608	3,209,251
Improvements	11,681,605	11,821,330
Infrastructure	79,467,751	87,720,825
Vehicles	2,145,921	2,465,085
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 114,998,218	\$ 125,711,527
	2008	2009
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,170,617	2,209,864
Capital Reserve Fund	4,207,418	4,222,391
Host Community Fees Fund	96,396,356	107,055,445
Donations	5,741,587	5,741,587
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 114,998,218	\$ 125,711,527

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

FOR THE YEAR ENDED DECEMBER 31, 2009

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Total
General government				\$ 14,973			\$ 14,973
Council				2,768			2,768
Communities Manager							
Attorney							
Clerk							
Personnel				320,685			3,068,437
Finance and Administration		\$ 2,747,752					
Other-unclassified		<u>2,747,752</u>	-	<u>338,426</u>	-	-	<u>3,086,178</u>
Total general government							
Public Safety							
Police		161,279		725,076		1,709,921	2,596,276
Fire and Emergency				44,204		156,573	200,777
License and Inspection				46,847		60,991	107,838
Total public safety		<u>161,279</u>	-	<u>816,127</u>	-	<u>1,927,485</u>	<u>2,904,891</u>
Highways and Street							
Engineering		646,771		1,791,352	2,282,158	495,680	2,928,929
Maintenance					85,438,667		2,287,032
Street System	1,757,000						87,195,667
Total highways and streets	<u>1,757,000</u>	<u>646,771</u>	-	<u>1,791,352</u>	<u>87,720,825</u>	<u>495,680</u>	<u>92,411,628</u>
Sanitation							
Culture and recreation	14,703,925	478,309	11,821,330	263,346	-	41,920	27,308,830
Total governmental funds capital assets	<u>\$ 16,460,925</u>	<u>\$ 4,034,111</u>	<u>\$ 11,821,330</u>	<u>\$ 3,209,251</u>	<u>\$ 87,720,825</u>	<u>\$ 2,465,085</u>	<u>\$ 125,711,527</u>

TOWNSHIP OF FALLS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets January 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets December 31, 2009</u>
General Government				
Supervisors	\$ 14,471	\$ 14,973	\$ -	\$ 29,444
Manager	25,913	-	-	25,913
Attorney	-	-	-	-
Finance and Administration	2,964,597	46,139	-	3,010,736
Other-Unclassified	-	20,085	-	20,085
Total general government	<u>3,004,981</u>	<u>81,197</u>	<u>-</u>	<u>3,086,178</u>
Public Safety				
Police	2,331,215	265,061	-	2,596,276
Fire and Emergency Management	169,529	31,248	-	200,777
License and Inspection	96,043	11,795	-	107,838
Total public safety	<u>2,596,787</u>	<u>308,104</u>	<u>-</u>	<u>2,904,891</u>
Highway and Streets				
Engineering	2,458,194	470,735	-	2,928,929
Maintenance	2,154,467	132,565	-	2,287,032
Street system	77,656,329	9,539,338	-	87,195,667
Total highways and streets	<u>82,268,990</u>	<u>10,142,638</u>	<u>-</u>	<u>92,411,628</u>
Sanitation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Culture and recreation	<u>27,127,460</u>	<u>181,370</u>	<u>-</u>	<u>27,308,830</u>
Total governmental funds capital assets	<u>\$ 114,998,218</u>	<u>\$ 10,713,309</u>	<u>\$ -</u>	<u>\$ 125,711,527</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. The Township implemented GASB Statement 34 for fiscal year ending December 31, 2003; schedules presenting government-wide information include information beginning in that year.

TOWNSHIP OF FALLS
Net Assets by Components
Last Seven Fiscal Years

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities							
Invested in capital, net of related debt	\$ 86,400,724	\$ 78,869,984	\$ 74,447,001	\$ 75,381,478	\$ 74,700,662	\$ 71,835,634	\$ 71,874,776
Restricted	5,993,448	11,198,559	11,479,422	4,131,652	3,921,225	3,989,535	4,041,277
Unrestricted	51,556,593	53,721,633	58,458,352	41,615,006	39,116,207	39,288,271	33,948,786
Total governmental activities net assets	\$ 143,950,765	\$ 143,790,176	\$ 144,384,775	\$ 121,128,136	\$ 117,738,094	\$ 115,113,440	\$ 109,864,839
Business-type activities							
Invested in capital, net of related debt	\$ 162,700	\$ 162,700	\$ 146,486	\$ 130,210	\$ 10,787,336	\$ 8,836,326	\$ 10,225,170
Restricted	-	-	-	647,533	644,983	643,552	630,707
Unrestricted	(253,056)	(171,955)	(111,962)	20,311,052	8,853,492	8,948,855	8,296,516
Total business-type activities net assets	\$ (90,356)	\$ (9,255)	\$ 34,524	\$ 21,088,795	\$ 20,285,811	\$ 18,428,733	\$ 19,152,393
Primary government							
Invested in capital, net of related debt	\$ 86,563,424	\$ 79,032,684	\$ 74,593,487	\$ 75,511,688	\$ 85,487,998	\$ 80,671,960	\$ 82,099,946
Restricted	5,993,448	11,198,559	11,479,422	4,779,185	4,566,208	4,633,087	4,671,984
Unrestricted	51,303,537	53,549,678	58,346,390	61,926,058	47,969,699	48,237,126	42,245,302
Total primary government net assets	\$ 143,860,409	\$ 143,780,921	\$ 144,419,299	\$ 142,216,931	\$ 138,023,905	\$ 133,542,173	\$ 129,017,232

Note: Township of Falls first applied GASB Statement No. 34 in fiscal year ending December 31, 2003. Therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: Falls Township records

TOWNSHIP OF FALLS
Changes in Net Assets
Last Seven Fiscal Years

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Expenses							
Governmental activities							
General government	\$ 1,820,889	\$ 3,532,145	\$ 1,907,185	\$ 1,824,208	\$ 1,868,348	\$ 1,922,288	\$ 1,825,223
Public safety	12,209,438	11,834,328	10,786,841	10,377,900	9,400,156	9,177,838	8,641,218
Public works - highways and streets	4,808,901	4,520,005	4,141,085	4,063,823	3,649,827	3,798,113	5,756,125
Culture and recreation	1,393,156	1,372,976	1,254,797	1,153,181	1,671,044	2,099,456	1,484,158
Debt service interest	102,594	168,129	53,091	1,284	-	-	-
Total governmental activities expenses	<u>20,334,978</u>	<u>21,427,583</u>	<u>18,142,999</u>	<u>17,420,396</u>	<u>16,589,375</u>	<u>16,997,695</u>	<u>17,706,724</u>
Business-type activities							
Water	-	-	235,803	2,776,859	2,773,620	2,749,692	2,640,738
Sewer	-	-	231,348	3,091,923	3,027,368	3,326,285	2,785,296
Pinewood Pool	195,939	190,687	192,640	163,141	172,441	215,119	24,307
Total business-type activities expenses	<u>195,939</u>	<u>190,687</u>	<u>659,791</u>	<u>6,031,923</u>	<u>5,973,429</u>	<u>6,291,096</u>	<u>5,450,341</u>
Total primary government expenses	<u>\$ 20,530,917</u>	<u>\$ 21,618,270</u>	<u>\$ 18,802,790</u>	<u>\$ 23,452,319</u>	<u>\$ 22,562,804</u>	<u>\$ 23,288,791</u>	<u>\$ 23,157,065</u>
Program revenues							
Governmental activities							
Charges for services							
General government	\$ 713,199	\$ 971,180	\$ 1,150,847	\$ 1,287,467	\$ 1,367,533	\$ 1,096,593	\$ 2,464,934
Public safety	1,581,276	1,606,185	1,952,591	2,253,651	2,261,760	2,047,567	\$ 1,077,881
Public works - highways and streets	163,665	54,018	176,171	16,066	69,057	9,407	542,747
Culture and recreation	155,546	173,908	156,120	902,232	131,292	104,910	64,101
Operating grants & contributions							
General government	501,355	501,659	517,199	489,879	377,401	476,721	432,289
Public safety	303,046	338,679	320,010	305,123	309,937	389,201	329,911
Public works - highways and streets	643,554	592,683	683,726	818,839	546,033	537,273	569,685
Culture and recreation	5,085	8,410	-	-	-	-	-
Total governmental activities program revenues	<u>4,066,726</u>	<u>4,246,722</u>	<u>4,956,664</u>	<u>6,073,257</u>	<u>5,063,013</u>	<u>4,661,672</u>	<u>4,511,548</u>
Business-type activities							
Charges for service							
Water	-	-	99,127	2,642,232	2,756,786	2,623,248	2,101,904
Sewer	-	-	11,849	3,557,819	3,377,887	2,716,138	2,621,789
Pinewood Pool	114,838	135,695	131,196	130,005	135,339	150,713	50
Total business-type activities program revenues	<u>114,838</u>	<u>135,695</u>	<u>242,172</u>	<u>6,330,056</u>	<u>6,270,012</u>	<u>5,490,099</u>	<u>4,723,743</u>
Total primary government program revenues	<u>\$ 4,181,564</u>	<u>\$ 4,382,417</u>	<u>\$ 5,198,836</u>	<u>\$ 12,403,313</u>	<u>\$ 11,333,025</u>	<u>\$ 10,151,771</u>	<u>\$ 9,235,291</u>

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue							
Governmental activities	\$ (16,268,252)	\$ (17,180,861)	\$ (13,186,335)	\$ (11,347,139)	\$ (11,526,362)	\$ (12,336,023)	\$ (13,195,176)
Business-type activities	(81,101)	(54,992)	(417,619)	298,133	296,583	(800,997)	(726,598)
Total primary government net expense	<u>\$ (16,349,353)</u>	<u>\$ (17,235,853)</u>	<u>\$ (13,603,954)</u>	<u>\$ (11,049,006)</u>	<u>\$ (11,229,779)</u>	<u>\$ (13,137,020)</u>	<u>\$ (13,921,774)</u>
General revenues and other changes in net assets							
Governmental activities							
Property taxes, levied for general purposes	\$ 2,321,546	\$ 2,315,362	\$ 2,492,057	\$ 2,478,706	\$ 2,486,722	\$ 2,514,805	\$ 2,605,463
Real estate transfer taxes	531,353	686,834	776,351	1,277,361	790,944	736,018	501,282
Local Services taxes	393,200	389,125	-	-	-	-	-
Emergency Municipal Services taxes	-	-	635,217	509,277	210,960	-	-
Occupational Privilege tax	-	-	-	-	-	180,397	182,242
Mechanical device tax	23,778	23,207	26,432	29,325	27,881	28,528	24,793
Other taxes	14,109	13,907	15,213	14,834	16,642	12,424	-
Payment in lieu of taxes	75,000	75,000	75,000	75,000	75,000	-	-
Host community fees	11,617,345	10,298,608	8,323,221	8,209,904	8,974,871	11,550,853	17,615,290
Investment earnings	1,273,281	2,647,142	2,891,638	1,999,579	991,172	428,726	454,208
Contributions/donations	-	-	14,511	20,453	29,316	51,623	100,923
Miscellaneous revenues	179,229	154,257	78,743	132,683	170,734	389,812	684,661
Gain / Loss on sale of capital assets	-	-	(23,677)	1,335	349,050	13,722	(35,471)
Transfers	-	(11,213)	21,138,268	(11,276)	27,724	73,724	24,124
Total governmental activities	<u>16,428,841</u>	<u>16,592,229</u>	<u>36,442,974</u>	<u>14,737,181</u>	<u>14,151,016</u>	<u>15,980,632</u>	<u>22,157,515</u>
Business-type activities							
Investment earnings	-	-	501,616	442,774	237,828	128,137	117,505
Capital contributions	-	-	-	50,801	1,350,391	-	70,000
Transfers	-	11,213	(21,138,268)	11,276	(27,724)	(73,724)	(24,124)
Total business-type activities	<u>-</u>	<u>11,213</u>	<u>(20,636,652)</u>	<u>504,851</u>	<u>1,560,495</u>	<u>54,413</u>	<u>163,381</u>
Total primary government	<u>\$ 16,428,841</u>	<u>\$ 16,603,442</u>	<u>\$ 15,806,322</u>	<u>\$ 15,242,032</u>	<u>\$ 15,711,511</u>	<u>\$ 16,035,045</u>	<u>\$ 22,320,896</u>
Change in net assets							
Governmental activities	\$ 160,589	\$ (588,632)	\$ 23,256,639	\$ 3,390,042	\$ 2,624,654	\$ 3,644,609	\$ 8,962,339
Business-type activities	(81,101)	(43,779)	(21,054,271)	802,984	1,857,078	(746,584)	(563,217)
Total primary government	<u>\$ 79,488</u>	<u>\$ (632,411)</u>	<u>\$ 2,202,368</u>	<u>\$ 4,193,026</u>	<u>\$ 4,481,732</u>	<u>\$ 2,898,025</u>	<u>\$ 8,399,122</u>

Note: Township of Falls first applied GASB Statement No. 34 in fiscal year ending December 31, 2003. Therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: Falls Township records

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General Fund							
Unreserved	\$ 1,182,347	\$ (168,386)	\$ (182,733)	\$ (279,387)	\$ 2,205	\$ (340,332)	\$ 372,148
Reserved	109,817	172,148	183,767	174,350	176,056	-	-
Total General fund	<u>\$ 1,292,164</u>	<u>\$ 3,762</u>	<u>\$ 1,034</u>	<u>\$ (105,037)</u>	<u>\$ 178,261</u>	<u>\$ (340,332)</u>	<u>\$ 372,148</u>
All other governmental funds							
Unreserved, reported in:							
Special revenue funds	\$ 34,903,155	\$ 42,223,283	\$ 45,614,258	\$ 42,510,983	\$ 40,324,763	\$ 40,893,901	\$ 34,874,588
Permanent funds	65,557	65,394	-	-	-	-	-
Capital projects funds	5,261,072	10,367,764	10,492,506	3,092,635	2,939,735	2,946,911	2,946,622
Reserved, reported in:							
Capital projects funds	16,795,212	16,878,212	16,879,081	-	-	-	-
Total all other governmental funds	<u>\$ 57,024,996</u>	<u>\$ 69,534,653</u>	<u>\$ 72,985,845</u>	<u>\$ 45,603,618</u>	<u>\$ 43,264,498</u>	<u>\$ 43,840,812</u>	<u>\$ 37,821,210</u>
Total Governmental Funds	<u>\$ 58,317,160</u>	<u>\$ 69,538,415</u>	<u>\$ 72,986,879</u>	<u>\$ 45,498,581</u>	<u>\$ 43,442,759</u>	<u>\$ 43,500,480</u>	<u>\$ 38,193,358</u>

Note: Township of Falls first applied GASB Statement No. 34 in fiscal year ending December 31, 2003. Therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: Falls Township records

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Revenues							
Taxes							
Property	\$ 2,321,546	\$ 2,312,152	\$ 2,480,393	\$ 2,523,820	\$ 2,478,146	\$ 2,523,300	\$ 2,643,091
Real estate transfer	531,353	686,834	776,351	1,277,361	790,944	736,018	501,282
Local Services tax	407,309	395,037	-	-	-	-	-
Emergency municipal services	-	-	623,804	509,277	210,960	-	-
Occupational Privilege tax	-	-	-	-	-	180,397	182,242
Mechanical device	23,778	23,207	26,432	29,325	27,881	28,528	24,793
Motor Fuel tax	643,554	669,559	605,850	585,839	546,033	532,462	520,806
Payment in lieu of taxes	75,000	75,000	75,000	75,000	75,000	-	-
Host Community fees	11,067,346	9,749,608	7,773,222	8,209,904	8,974,871	11,550,853	17,615,290
Licenses and permits	651,484	630,848	599,457	899,336	871,825	808,953	-
Fines and forfeits	202,820	210,517	218,614	225,914	265,215	259,842	-
Investment earnings	1,163,901	2,647,141	2,638,452	1,999,581	991,172	428,726	454,208
Rents	166,526	203,061	396,594	406,296	278,778	246,629	215,943
Intergovernmental	761,887	801,925	807,606	951,955	678,711	883,453	811,079
Charges for services	2,134,991	2,340,809	2,612,743	2,158,850	2,471,310	2,247,167	2,636,916
Contributions and donations	47,600	71,989	63,998	73,920	29,316	51,623	643,670
Refunds of prior years	-	94,471	86,752	56,450	1,994	-	-
Miscellaneous	9,428	3,193	178	112,610	136,523	85,402	468,718
Total revenue	20,208,523	20,915,351	19,785,446	20,095,438	18,828,679	20,563,353	26,718,038
Expenditures							
Current							
General government	2,470,190	1,740,389	1,838,680	1,702,810	1,690,097	1,708,869	1,729,340
Public safety	11,769,814	11,291,262	10,579,431	10,086,596	9,108,870	8,962,173	8,216,209
Public works - highway and street	2,437,359	2,383,332	2,296,124	1,969,486	1,696,079	1,974,028	1,603,938
Culture and recreation	884,786	794,497	740,625	634,206	599,702	1,086,594	369,011
Miscellaneous	-	-	-	-	4,466	4,532	147

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Capital outlay							
General government	92,992	120,767	20,791	6,678	44,499	-	-
Public safety	296,309	223,162	238,450	313,945	366,052	262,294	187,631
Highways and streets	10,142,639	6,304,675	1,382,535	2,472,064	5,388,866	1,037,178	7,158,821
Culture and recreation	181,370	826,117	271,719	832,214	387,950	351,980	3,363,766
Debt service principal	3,055,000	542,066	47,453	10,392	11,676	-	-
Debt service interest	102,594	121,298	661	1,284	-	-	-
Total expenditures	31,433,053	24,347,565	17,416,469	18,029,675	19,298,257	15,387,648	22,628,863
Excess of revenues over/(under) expenditures	(11,224,530)	(3,432,214)	2,368,977	2,065,763	(469,578)	5,175,705	4,089,175
Other financing sources(uses)							
Transfer in	10,336,951	7,345,097	26,762,798	4,678,733	4,552,920	5,963,800	4,529,566
Transfer out	(10,336,951)	(7,356,310)	(5,624,530)	(4,690,009)	(4,525,196)	(5,890,076)	(4,505,442)
Transfer of bonds payable	-	-	3,093,068	-	-	-	-
Refunds of prior year	-	-	-	-	-	(23,878)	-
Capital lease obligation	-	-	102,686	-	33,083	-	-
Sale of capital assets	3,274	930	15,244	1,335	351,050	18,379	9,889
Total other financing sources(uses)	3,274	(10,283)	24,349,266	(9,941)	411,857	68,225	34,013
Net change in fund balance	<u>\$(11,221,256)</u>	<u>\$ (3,442,497)</u>	<u>\$ 26,718,243</u>	<u>\$ 2,055,822</u>	<u>\$ (57,721)</u>	<u>\$ 5,243,930</u>	<u>\$ 4,123,188</u>
Debt service as a percentage of non-capital expenditures	15.24%	3.93%	0.31%	0.08%	0.09%	0.00%	0.00%

Note: Township of Falls first applied GASB Statement No. 34 in fiscal year ending December 31, 2003. Therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: Falls Township records

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

Year ending December 31,	Property	Local Services	Emergency Municipal Services	Occupational Privilege	Real Estate Transfer	Mechanical Device	Total
2000	\$ 2,794,941	\$ -	\$ -	\$ 173,203	\$ 449,314	\$ 28,112	\$ 3,445,570
2001	2,666,532	-	-	185,191	331,361	26,402	3,209,486
2002	2,677,757	-	-	198,272	527,020	30,123	3,433,172
2003	2,605,463	-	-	182,242	501,282	24,793	3,313,780
2004	2,523,300	-	-	180,397	736,018	28,528	3,468,243
2005	2,478,146	-	210,960	-	790,944	27,881	3,507,931
2006	2,523,820	-	509,277	-	1,277,361	29,325	4,339,783
2007	2,480,393	-	623,804	-	776,351	26,432	3,906,980
2008	2,312,152	395,037	-	-	686,834	23,207	3,417,230
2009	2,321,546	407,309	-	-	531,353	23,778	3,283,986

Sources: Township documents

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

Year	Real Property Assessed Value ^(a)	Less: Tax Exempt Property	Total Taxable Assessed Value	Estimated Actual Values of Real Property	Ratio of Total Assessed Value to Total Estimated Actual Value ^(c)	Falls Twp Municipal Millage Rate
2000	\$ 93,961,698	\$ 11,504,570	\$ 82,457,128	\$ 2,291,748,732	4.10%	34.25
2001	94,115,858	11,537,840	82,578,018	2,476,733,105	3.80%	32.90
2002	92,928,475	11,712,140	81,216,335	2,655,099,286	3.50%	31.90
2003	92,906,705	11,721,870	81,184,835	2,996,990,484	3.10%	31.40
2004	92,198,995	11,652,730	80,546,265	3,292,821,250	2.80%	30.90
2005 ^(b)	372,380,460	56,738,040	315,642,420	3,761,418,788	9.90%	7.72
2006	375,312,350	54,595,170	320,717,180	4,124,311,538	9.10%	7.72
2007	377,048,910	57,615,300	319,433,610	4,011,158,617	9.40%	7.72
2008	377,657,160	58,205,330	319,451,830	3,893,372,784	9.70%	7.22
2009	379,763,660	60,384,750	319,378,910	3,484,070,275	10.90%	7.22

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

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

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

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

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

Year	Falls Township			Overlapping Rates		All Government Totals
	Operating Millage	Debt Service Millage	Total Township Millage	Bucks County Total Millage (a)	Pennsbury SD Total Millage (a)	
2000	34.25	0.00	34.25	57.00	406.00	497.25
2001	32.90	0.00	32.90	59.00	426.80	518.70
2002	31.90	0.00	31.90	62.00	452.00	545.90
2003	31.40	0.00	31.40	65.00	464.00	560.40
2004	30.90	0.00	30.90	74.50	481.00	586.40
2005	7.72	0.00	7.72	20.49	128.60	156.81
2006	7.72	0.00	7.72	21.94	134.70	164.36
2007	7.72	0.00	7.72	21.94	139.40	169.06
2008	7.22	0.00	7.22	21.94	145.00	174.16
2009	7.22	0.00	7.22	21.94	148.80	177.96

(a) Information supplied by Falls Township Tax Collector

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

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

Taxpayer	Type of Business	2009			2000		
		Taxable Assessed valuation (a)	Rank	Percentage of total taxable assessed valuation	Taxable Assessed valuation	Rank	Percentage of total taxable assessed valuation
Oxford Valley Road Associates	Retail Stores	\$ 6,314,040	1	1.98%	\$ 1,588,970	3	1.92%
Healey, Robert T. & William J.	Apartment	4,974,720	2	1.56%	1,255,940	6	1.52%
Pennwood Assoc. Ltd. Partnership	Mobile Home Park	4,579,320	3	1.43%	946,200	8	1.15%
National Property Investments	Apartment	4,320,000	4	1.35%	1,080,000	7	1.31%
WMI Properties	Industrial	4,254,640	5	1.33%	2,412,440	1	2.92%
K-Mart Corporation	Industrial	3,108,000	6	0.97%	1,318,060	5	1.60%
General Motors Tax Staff	Industrial	2,811,270	7	0.88%			
Wheelabrator Falls Inc.	Industrial	2,616,770	8	0.82%	1,520,860	4	1.84%
Bucks County Economic Development Corp.	Development	2,430,080	9	0.76%			
Equity Industries Ltd. Part. III	Retail Stores	2,074,760	10	0.65%			
United States Steel	Industrial				2,689,670	2	3.26%
Tru Realty Corporation	Development				518,690	9	0.63%
Tri-County Security	Security				270,250	10	0.33%
Totals		<u>\$ 37,483,600</u>		<u>11.74%</u>	<u>\$ 13,601,080</u>		<u>16.48%</u>

(a) Total Assessed Valuation equal to \$ 319,378,910

Source: Falls Township records

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

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
2000	2,824,157	2,700,726	95.63%	94,215	2,794,941	98.97%
2001	2,716,817	2,584,844	95.14%	81,688	2,666,532	98.15%
2002	2,632,491	2,522,164	95.81%	155,593	2,677,757	101.72%
2003	2,599,312	2,490,257	95.80%	105,978	2,643,091	101.68%
2004	2,557,921	2,433,877	95.15%	72,567	2,523,300	98.65%
2005	2,556,266	2,383,329	93.23%	71,812	2,478,148	96.94%
2006	2,556,269	2,434,614	95.24%	89,206	2,523,820	98.73%
2007	2,556,271	2,409,921	94.27%	50,167	2,460,088	96.24%
2008	2,336,093	2,254,217	96.50%	52,918	2,307,135	98.76%
2009	2,335,472	2,283,391	97.77%	64,660	2,348,051	100.54%

Source: Falls Township Tax Collector

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

Fiscal year	Governmental activities		Business-Type activities		Primary government	Percentage of personal income	Per Resident	Per W/S customer
	General obligation bonds	General obligation notes	General obligation bonds	General obligation notes				
2000	-	-	6,149,999	-	6,149,999	0.75%	-	615
2001	-	-	5,834,999	-	5,834,999	0.82%	-	583
2002	-	-	5,510,000	-	5,510,000	0.91%	-	551
2003	-	-	5,175,000	-	5,175,000	1.00%	-	518
2004	-	-	5,030,000	-	5,030,000	1.07%	-	503
2005	-	-	4,555,000	-	4,555,000	1.23%	-	456
2006	-	-	4,065,000	-	4,065,000	1.43%	-	407
2007	3,565,000	-	-	-	3,565,000	1.68%	106	-
2008	3,055,000	-	-	-	3,055,000	2.03%	91	-
2009	-	-	-	-	-	0.00%	-	-

Source: Falls Township records

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

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

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

<u>Year</u>	<u>Population(a)</u>	<u>Assessed Value (b)</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2000	34,865	82,578,018	6,149,999	6,149,999	0.00	0.000	0
2001	34,625	81,216,335	5,834,999	5,834,999	0.00	0.000	0
2002	34,553	81,184,835	5,510,000	5,510,000	0.00	0.000	0
2003	34,282	81,563,715	5,175,000	5,175,000	0.00	0.000	0
2004	34,064	79,929,575	5,030,000	5,030,000	0.00	0.000	0
2005	33,982	324,841,420	4,555,000	4,555,000	0.00	0.000	0
2006	33,915	320,717,180	4,065,000	4,065,000	0.00	0.000	0
2007	33,769	319,433,610	3,565,000	-	3,565,000	0.011	106
2008	33,579	319,451,830	3,055,000	-	3,055,000	0.010	91
2009	34,865	319,378,910	-	-	0.00	0.000	0

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

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

Source: Falls Township records

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

TOWNSHIP OF FALLS
 Direct & Overlapping Governmental Activities Debt
 December 31, 2009

<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)	139,847,013	43.00%	60,134,216
Bucks County (c)	<u>228,475,000</u>	4.00%	<u>9,139,000</u>
 Total - Overlapping Debt	 \$ 368,322,013		 \$ 69,273,216

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 51,934,618	\$ 57,019,652	\$ 61,366,890	\$ 63,223,852	\$ 58,961,672	\$ 51,937,905	\$ 46,377,600	\$ 45,679,860	\$ 47,310,563	\$ 47,380,837
Total Net Debt applicable to limit	-	-	-	-	-	-	-	3,565,000	3,055,000	-
Legal Debt Margin	\$ 51,934,618	\$ 57,019,652	\$ 61,366,890	\$ 63,223,852	\$ 58,961,672	\$ 51,937,905	\$ 46,377,600	\$ 42,114,860	\$ 44,255,563	\$ 47,380,837
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	8%	6%	0%

Legal Debt Margin Calculation for Year 2009

Borrowing Base Revenues: (a)	
2007	\$ 18,479,583
2008	19,687,491
2009	18,695,930
	<u>\$ 56,857,004</u>
Average Borrowing Base Revenues:	
Debt Limit Percentage	X
	\$ 18,952,335
	<u>250,00%</u>
Debt Limit	\$ 47,380,837
Less: Total Amount Of Debt Applicable to Debt Limit (b)	-
Legal Debt Margin	\$ 47,380,837

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>
2000	5,714,563	3,913,570	1,800,993	569,250	3.16
2001	5,801,021	4,103,002	1,698,019	568,728	2.99
2002	4,867,902	4,214,986	652,916	567,388	1.15
2003	4,841,189	4,619,912	221,277	565,363	0.39
2004	5,467,423	5,364,026	103,397	422,095	0.24
2005	6,372,501	5,095,035	1,277,466	628,769	2.03
2006	6,642,825	5,117,872	1,524,953	628,519	2.43
2007	612,592	337,432	275,160	629,719	0.44
2008	-	-	-	625,344	0.00
2009	-	-	-	-	0.00

(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>
2000	34,865	N/A	11,315	58	0.51%	3.2%
2001	34,625	N/A	11,291	58	0.51%	3.2%
2002	34,553	N/A	11,250	71	0.63%	4.3%
2003	34,282	N/A	11,452	25	0.22%	3.6%
2004	34,064	N/A	11,529	55	0.48%	4.5%
2005	33,982	N/A	11,631	28	0.24%	4.6%
2006	33,915	N/A	11,291	38	0.34%	4.2%
2007	33,769	N/A	11,584	31	0.27%	3.6%
2008	33,579	N/A	11,660	30	0.25%	4.0%
2009	34,865	N/A	11,423	35	0.31%	7.4%

Data Sources:

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

(b) Pennsbury School District, as of 6/30/09

(c) Bucks County Planning Commission, State of Pennsylvania

N/A Data not available

TOWNSHIP OF FALLS
Principal Employers
Current Year and Nine Years Ago

Employer	Description	2009			2000		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Aria Health - Bucks County Campus	Hospital	1,048	1	4.40%	800	4	3.92%
Pennsbury School District	Public Education	988	2	4.15%	1,990	1	9.76%
Eckerd	Retail Store	570	3	2.40%			
Kmart Distribution Center	Warehouse Distribution	397	4	1.67%	851	2	4.17%
Walmart	Retail Store	359	5	1.51%	300	6	1.47%
Waste Management	Waste Collector	305	6	1.28%	183	9	0.90%
Gamesa Wind	Alternative Energy	220	7	0.92%			
Home Depot	Retail Store	207	8	0.87%	260	7	1.27%
Sheraton Bucks County	Hotel	170	9	0.71%			
Giant Supermarkets	Grocery Store	158	10	0.66%	150	10	0.74%
USX	Industrial Manufacturer				800	3	3.92%
Burger King	Restaurant				380	5	1.86%
Pathmark	Grocery Store				200	8	0.98%
Total		4,422		18.59%	5,914		28.99%

Source: Respective Companies and Township Records

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	11	11	11	11	11	11	11	11	13	16
Public Safety										
Police										
Officers	48	51	51	51	52	52	52	51	52	53
Civilians	6	7	7	7	7	7	7	7	7	7
Fire										
Civilians	2	2	3	3	3	3	3	3	3	4
Highway and Streets										
Maintenance	12	12	12	12	12	13	13	14	15	15
Sanitation										
Culture and Recreation	1	1	1	2	2	2	2	2	2	3
Water	4	4	4	4	4	4	4	0	0	0
Sewer	4	4	4	4	4	4	4	0	0	0
Totals	88	92	93	94	95	96	96	88	92	98

Sources: Township documents

FALLS TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Criminal Arrests	1,809	1,777	1,944	1,785	1,769	1,746	1,449	1,365	1,420	1,277
Parking Violations	777	750	671	547	374	564	432	381	211	167
Traffic Violations	2,631	2,076	2,358	2,998	3,043	2,703	2,544	2,340	2,080	2,012
Animal Control Investigations	533	420	356	368	256	293	317	333	300	326
Fire										
Number of calls answered	1,535	1,610	1,543	1,620	1,612	1,628	1,572	1,619	1,653	1,497
License and Inspection										
Business Licenses	1,619	968	1,025	1,680	1,781	1,836	1,640	1,611	1,572	1,450
Building Permits	1,501	1,566	1,587	1,784	1,825	1,550	1,801	1,753	909	593
Electrical Permits	2,141	2,208	2,190	2,874	3,522	3,362	2,987	2,778	763	477
Highways and Streets										
Road Reconstruction (lineal feet)	N/A	N/A	N/A	N/A	10,300	6,000	2,500	5,925	10,900	20,172
Culture and Recreation										
Community Park Watercraft Permits	N/A	N/A	125	125	143	144	140	134	177	210
Community Park Pavilion Rentals	N/A	N/A	36	77	97	109	105	83	110	94
Water										
Water Permits	7	15	16	57	121	3	15	-	-	-
Sewer										
Sewer Permits	7	19	22	104	166	3	69	-	-	-

Sources: Various government departments

Note: Indicators not available for Culture and Recreation prior to 2002 as Falls Township Community Park activities were not occurring prior to this date
Indicators not available for Highways and Streets prior to 2004

FALLS TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	39	39	42	42	46	46	46	49	50	51
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	85.42	85.42	85.42	85.42	85.88	85.88	86.25	86.25	86.75	86.75
Streetlights - R	2,455	2,455	2,455	2,455	2,455	2,455	2,462	2,465	2,465	2,465
Streetlights - H	83	83	83	83	83	83	83	83	83	83
Traffic Signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	33	34	34
Culture and Recreation										
Parks Acreage	380.27	380.27	426.74	426.74	426.74	413.11	413.11	413.11	413.11	413.11
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	4,405	-	2,600	2,105	3,605	6,389	3,290	3,290	3,290	3,290
Sewer										
Sanitary Sewers	-	3,864	-	-	-	-	-	-	-	-

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

TOWNSHIP OF FALLS
 Schedule of Insurance
 As of December 31, 2009

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>		<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Deductible</u>	<u>Annual Premium</u>	
		<u>From</u>	<u>To</u>					
Delaware Valley Insurance Trust	389280942	1/1/2009	1/1/2010	Workers Compensation	\$100/\$100/\$100 (000)	\$ -	\$ 344,007	
Fidelity & Deposit	6102076059	1/1/2009	1/1/2010	Public Official Bonds	\$	\$ -	\$ 8,757	
St. Paul / Travelers Insurance Company	GP09313561	6/18/2009	6/18/2010	Property Inland Marine Contracts Equipment EDP General Liability Crime Automobile Umbrella Public Officials Liability Employment Practices Liability Law Enforcement Flood & Surface Water Earthquake or Volcanic Boiler & Machinery	\$ 20,592,868 784,092 699,755 Included \$1MM/\$2MM 250,000 1,000,000 3,000,000 \$1MM/\$2MM \$1MM/\$2MM \$1MM/\$2MM 500,000 500,000 250,000	\$ 1,000 1,000 1,000 1,000 - 1,000 500/1000 10,000 10,000 10,000 10,000 25,000 25,000 1,000	\$ 19,823 5,328 Included Included 41,255 254 84,132 55,876 2,094 9,724 48,739 1,100 1,717 2,101	
Zurich Insurance Company	PEL3674684-07	6/18/2009	6/18/2010	Pollution	\$500,000/\$1MM	\$ 10,000	\$ 5,470	
Total premium							\$	\$ 630,377

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2009

<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
<u>Median Age:</u>	1980 - 28.8 1990 - 33.6 2000 - 36.4
<u>2000 Census Profile:</u>	<u>Race / Ethnicity</u> 4.9 % - Black 2.3 % - Hispanic 2.6 % - Asian 90.2% - White
<u>Current Statistics:</u>	<u>Housing</u> 34,811 - Total Housing Units \$208,750 - Median Home Value \$ 888 - Median Rent

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2009

<u>Park & Recreation Facilities:</u>	1 Public Swimming Pool 16 Parks: 8 with playgrounds; others with baseball-softball fields, outdoor basketball and tennis courts 1 County Park - Lake, Pool, Golf Course 1 State Park
<u>Parks & Recreation:</u>	<u>Acreage</u> 323.82 acres Township Parks 138.00 acres Greenbelts / Open Space 231.09 acres County / Lake, Pool 43.00 acres State Park
<u>Cultural & Historical Facilities:</u>	Township - Three Arches State - Pennsbury Manor
<u>Street System:</u>	86.75 Local Miles 45.60 State miles
<u>Highways:</u>	U.S. Route #1 Route #13 East & West Lincoln Highway
<u>Number of Street Lights:</u> (All Township Owned)	2,465 Residential 83 Highway
<u>Sanitary Sewage:</u>	308,904 L.F. Mains (a) Maximum Average Daily Treatment 2.406 MGD
<u>Water:</u>	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, 2009

Education: Pennsbury School District
 11 Elementary Schools
 3 Middle Schools
 1 High Schools (East & West Campus)
 11,423 Students

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

Banks: Bank of America
 Wachovia Bank
 Citizens Bank
 TD Bank

Rail: No rail stations

Bus: No terminal

Airfield: No airfield

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2009

Public Utilities:

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

Newspapers:

The Bucks County Courier Times
The Philadelphia Inquirer
The Trenton Times (Trenton, NJ)
The Trentonian (Trenton, NJ)
The Philadelphia Daily News
The Levittown Express
The Yardley News

Television:

WGBS - Channel 57 - Philadelphia
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
WGTW - Channel 48 - Philadelphia
Comcast Cable Company
Channel 22 - Government Access Channel

Churches:

13

Hospitals:

1 Aria Health - Bucks County Campus
1 Assisted Living - Galilee Pavilion

Senior Housing:

Avenrowe

Source: Falls Township records

