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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2010, which collectively comprise the TOWNSHIP OF FALLS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of TOWNSHIP OF FALLS' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

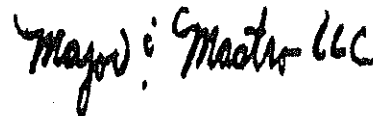
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWNSHIP OF FALLS' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, capital asset schedules and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

June 17, 2011

MAJOR & MASTRO, LLC
Certified Public Accountants

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

**Falls Township
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2010**

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, 2010. 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 \$141,839,326 and \$143,860,409 at the close of the years ended December 31, 2010 and 2009, respectively. Of the 2010 amount, \$55,107,537 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2009 \$51,303,537 was available for that purpose.

The Township's governmental net assets decreased by a total of \$2,021,083 over the prior year. This decrease is primarily due to a decrease in the Township's cash reserves.

As of the end of 2010, Falls Township's governmental funds reported combined ending fund balances of \$57,244,200. As a comparison, at the end of 2009, the balance was \$58,317,160, a reduction of \$1,072,960.

Business-type activities' net assets increased by \$12,120 from (\$90,356) in 2009 to (\$78,236) in 2010. The reason for this increase is a cash transfer from the Township's capital reserve fund.

At the end of the 2010, the unreserved/undesignated fund balance for the general fund was \$1,224,634 or 7.9% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

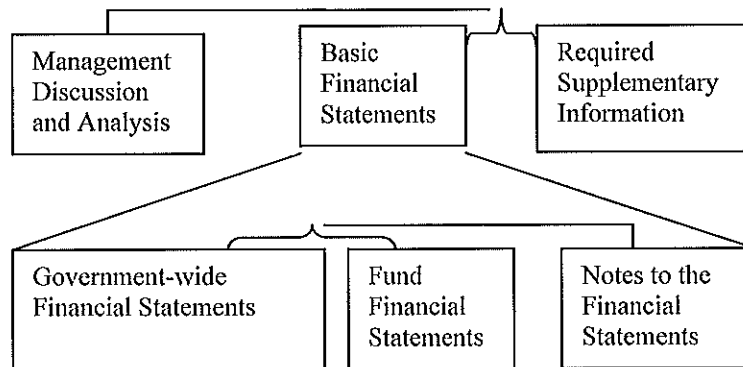
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

- 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 45-62 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 64 and 65 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and non-major governmental fund budget comparison schedules can be found on pages 69-79 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. For Falls Township, assets exceed liabilities by \$141,839,326 and \$143,860,409 at the close of the years ended December 31, 2010 and 2009, respectively.

The following table provides a summary of the Township's net assets at December 31, 2010 compared to the prior year's figures:

FALLS TOWNSHIP NET ASSETS

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Current and other assets	\$ 44,800,311	\$ 42,869,247	\$ -	\$ -	\$ 44,800,311	\$ 42,869,247
Capital assets	86,400,724	85,897,168	162,700	180,457	86,563,424	86,077,625
Other noncurrent assets	<u>16,795,212</u>	<u>16,795,212</u>	<u>-</u>	<u>-</u>	<u>16,795,212</u>	<u>16,795,212</u>
Total Assets	147,996,247	145,561,627	162,700	180,457	148,158,947	145,742,084
Long-term liabilities outstanding	1,551,891	1,730,036	-	-	1,551,891	1,730,036
Other liabilities	<u>2,493,591</u>	<u>1,904,029</u>	<u>253,056</u>	<u>258,693</u>	<u>2,746,647</u>	<u>2,162,722</u>
Total Liabilities	4,045,482	3,634,065	253,056	258,693	4,298,538	3,892,758
Net Assets:						
Invested in capital assets	86,400,724	85,897,168	162,700	180,457	86,563,424	86,077,625
Restricted	5,993,448	654,164	-	-	5,993,448	654,164
Unrestricted	<u>51,556,593</u>	<u>55,366,230</u>	<u>(253,056)</u>	<u>(258,693)</u>	<u>51,303,537</u>	<u>55,107,537</u>
Total Net Assets	\$ 143,950,765	\$ 141,917,562	\$ (90,356)	\$ (78,236)	\$ 143,860,409	\$ 141,839,326

The largest portion of Falls Township's net assets, 61%, reflects its investment in capital assets (land, building, machinery, equipment, open space, and roads/road improvements). Falls Township uses these capital assets to provide services to the citizens and, therefore, these assets are not available for future spending. Note that all capital assets reported have no outstanding debt on their initial purchases.

A very small portion of Falls Township's net assets, 0.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$55,107,537, 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 increased Falls Township's net assets by \$160,589 for the year ended December 31, 2009, they decreased net assets by \$2,033,203 for the year ended December 31, 2010. The 2010 decrease is due to a reduction in the Township's cash reserve. Falls Township is committed to maintaining high quality services and recreation facilities for its residents without increasing real estate taxes or charging exorbitant user fees. Some cash reserves have been expended in order to meet rising costs without burdening our residents.

Business-type activities

Business-type activities increased Falls Township's net assets by \$12,120 for the year ended December 31, 2010 compared to a decrease of \$81,101 for the prior year. These activities represent ongoing operations at the Pinewood Pool for 2010.

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.

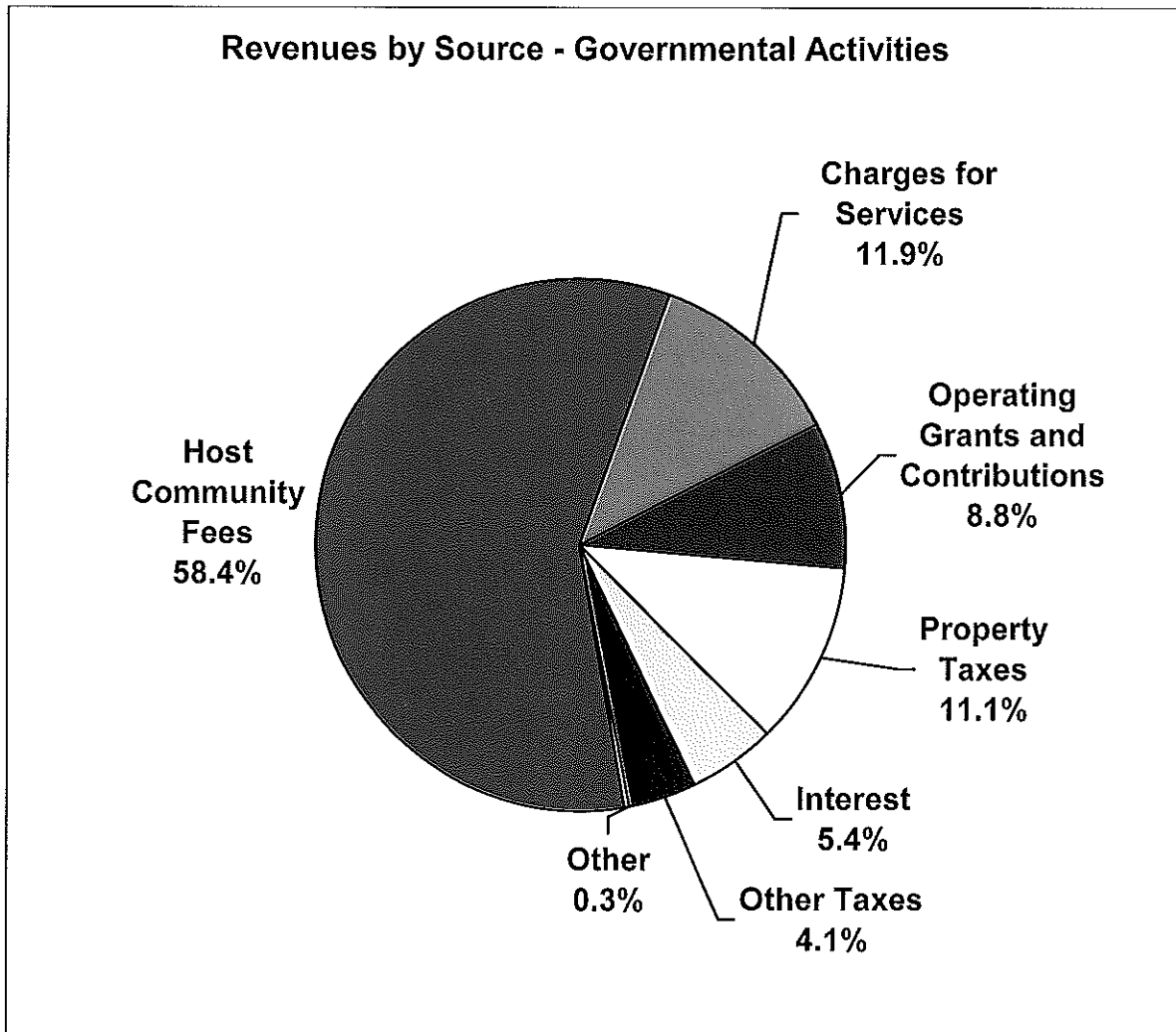
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2010 compared to the prior year's figures.

**FALLS TOWNSHIP
CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,613,686	\$ 2,309,780	\$ 114,838	\$ 140,498	\$ 2,728,524	\$ 2,450,278
Operating Grants and Contributions	1,453,040	1,805,029	-	-	1,453,040	1,805,029
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,321,546	2,280,492	-	-	2,321,546	2,280,492
Other taxes	1,037,440	846,227	-	-	1,037,440	846,227
Host Community Fees	11,617,345	11,979,130	-	-	11,617,345	11,979,130
Other	1,452,510	1,168,006	-	-	1,452,510	1,168,006
Total Revenues	<u>\$ 20,495,567</u>	<u>\$ 20,388,664</u>	<u>\$ 114,838</u>	<u>\$ 140,498</u>	<u>\$ 20,610,405</u>	<u>\$ 20,529,162</u>
EXPENSES:						
General Government	\$ 1,820,889	\$ 2,139,446			\$ 1,820,889	\$ 2,139,446
Public Safety	12,209,438	13,656,438			12,209,438	13,656,438
Highway and Streets	4,808,901	5,078,350			4,808,901	5,078,350
Culture and Recreation	1,393,156	1,477,633			1,393,156	1,477,633
Debt Service Interest	102,594	-			102,594	-
Pinewood Pool			\$ 195,939	\$ 198,378	195,939	198,378
Total Expenses	<u>20,334,978</u>	<u>22,351,867</u>	<u>195,939</u>	<u>198,378</u>	<u>20,530,917</u>	<u>22,550,245</u>
Change in net assets before transfers	160,589	(1,963,203)	(81,101)	(57,880)	79,488	(2,021,083)
Transfers	-	(70,000)	-	70,000	-	-
Change in Net Assets	160,589	(2,033,203)	(81,101)	12,120	79,488	(2,021,083)
Net Assets, Beginning	143,790,176	143,950,765	(9,255)	(90,356)	143,780,921	143,860,409
Net Assets, Ending	<u>\$ 143,950,765</u>	<u>\$ 141,917,562</u>	<u>\$ (90,356)</u>	<u>\$ (78,236)</u>	<u>\$ 143,860,409</u>	<u>\$ 141,839,326</u>

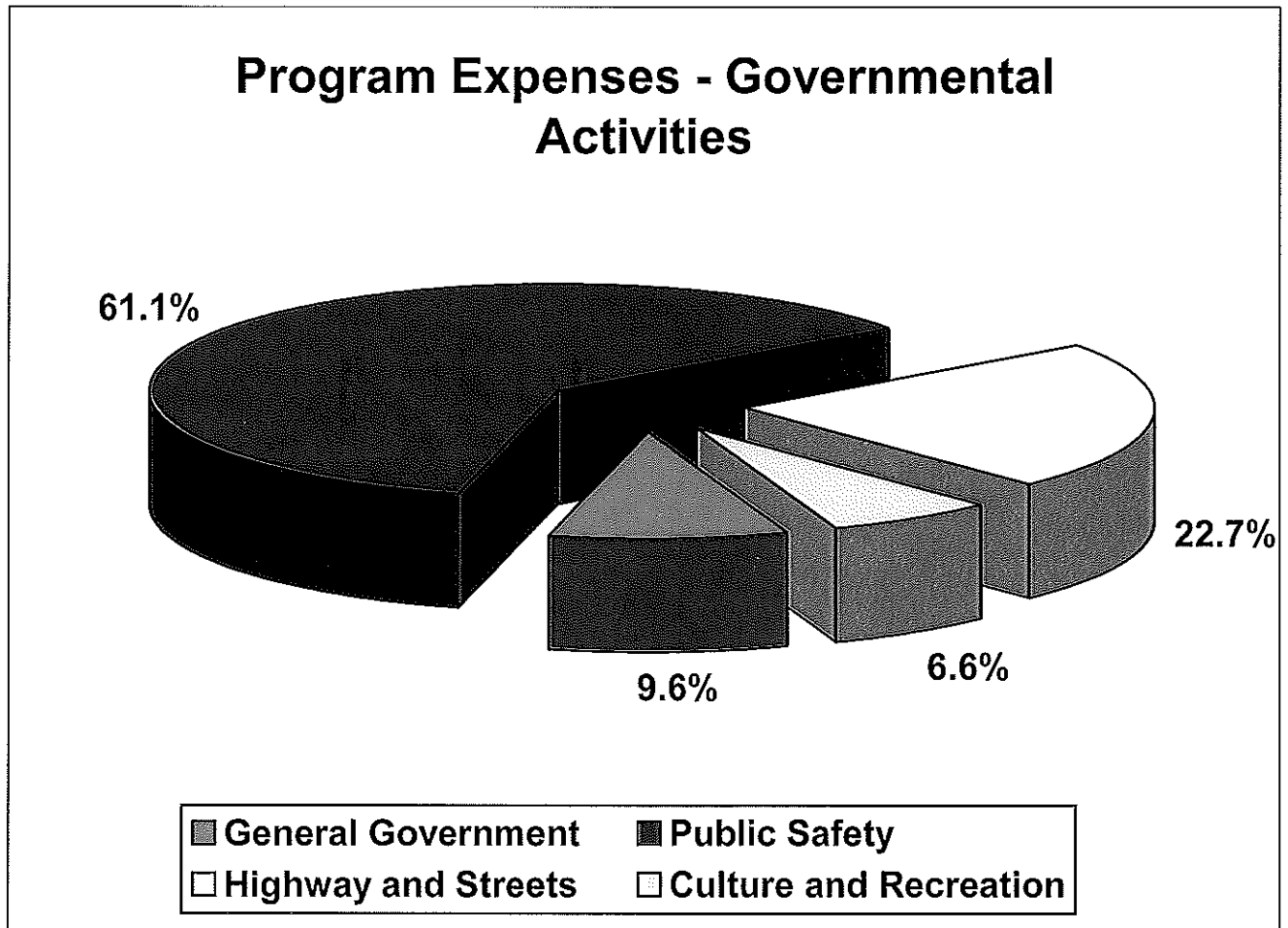
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2010:



Of the total Government-wide revenues of \$20,529,162, \$11,979,130 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 \$2,450,278 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,280,492, Other Taxes brought in \$846,227, Operating Grants and Contributions added \$1,805,029, Interest Earnings netted \$1,113,180 and Other (miscellaneous) revenues were \$54,826.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2010:



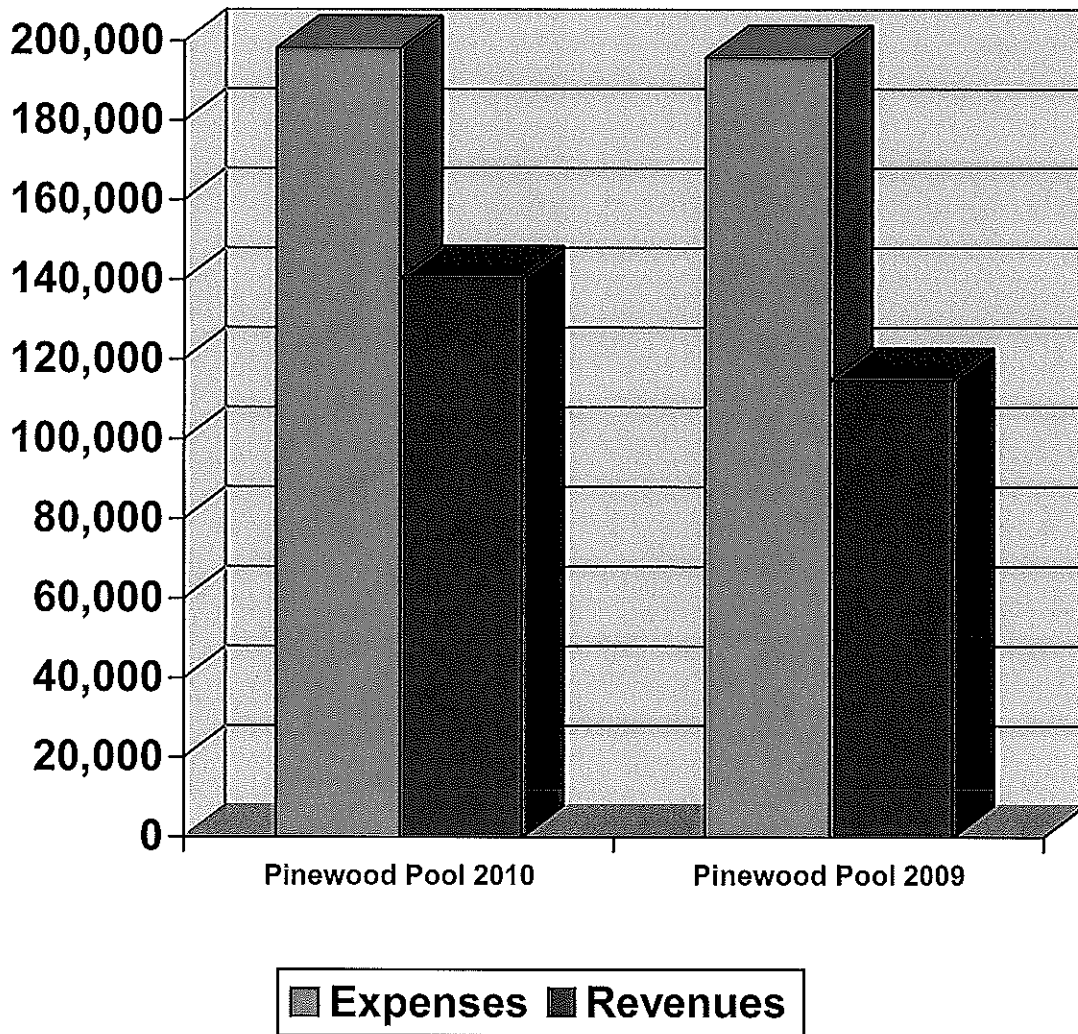
Most of the expenses that occurred in the year 2010 were related to Public Safety. Public Safety expenses were \$13,656,438. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$5,078,350 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 \$1,477,633 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,139,446 and include costs for staffing, benefits, insurance and various other administrative costs.

Business-type activities

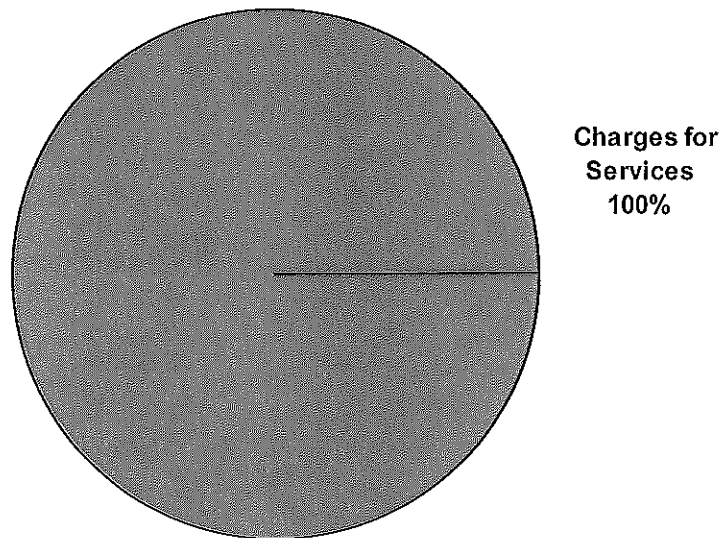
Business-type activities increased the Township's net assets by \$12,120. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$57,880 in 2010. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2010 was the seventh full year of operation for the renovated site. The loss is attributed to continued increases in operating costs and is less of a loss than prior years due to an increase 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 \$57,244,200 a decrease of \$1,072,960 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 \$1,224,634 while total fund balance reached \$1,399,643. 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 \$107,479 during 2010. Various items contributed to this. Real estate tax collections, real estate transfer tax revenues and charges for services were down in 2010 and overall expenditures were higher; however, this was offset by a 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 2010, the unreserved and total fund balance was \$37,350,192. This is an increase of \$4,105,151 from the prior year. The main reason for the increase was a transfer from the capital reserve fund in the amount of \$2,000,000 to cover costs associated with the 2009 road program. 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 2010, the unreserved and total fund balance was \$16,906,941. This is a decrease in the amount of \$5,149,343 due to the transfer of all residual funds associated with the payoff of the Water and Sewer Revenue Bonds, Series 2004. There was a transfer of \$3 million to the General Fund to cover operating expenses and a transfer of \$2 million to the Host Community Fees fund to cover expenses related to the 2009 road program.

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 2010, the net assets were (\$78,236). This represents an increase of \$12,120 over the prior year. Expenses continue to outpace revenues at the community pool, however, pool memberships are on the rise. The Township strives to offer a state of the art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were under budget for 2010. The largest contributing factors were: Property tax revenues under budget by \$49,360, Real Estate Transfer taxes under budget by \$176,836, and Charges for Services coming in short by \$265,916. Total expenditures for the year were over budget by a total of \$690,167. The overages occurred in Police Department expenditures which exceeded the budget by \$189,714 due mainly to additional overtime, higher health benefit costs and vehicle maintenance and repair; the Township building complex which exceeded the budget by \$131,220; and, Public Works expenditures which exceeded the budget by \$211,771 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, 2010, amount to \$86,077,625 (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 2010 included the following:

Road improvements for various roads in the Township amounting to just over \$1,631,000 in construction and engineering costs. Also improving our roadways were continuing upgrades to Township traffic signals at a cost of \$10,810.

Park improvements in the form of new playground equipment amounted to \$63,540, engineering costs for an upcoming boat ramp were \$263,458, and the renovation of the Challenger Field at the Mill Creek Sports Complex cost \$234,504. The Challenger Field is used by the Challenger League, a unique division that allows children from the area with disabilities the opportunity to play and enjoy baseball. This ADA accessible ball field provides a safer, custom playing surface that caters to wheelchairs and walkers.

Capital purchases for the Police Department, including patrol car purchases, were just over \$302,800.

FALLS TOWNSHIP
Capital Assets
(net of accumulated depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Building and System	2,021,326	1,992,480	-	-
Improvements other than Building	2,599,724	2,644,267	-	-
Machinery and Equipment	1,103,001	1,154,933	-	17,757
Infrastructure	64,215,747	63,644,562	-	-
	\$ 86,400,724	\$ 85,897,168	\$ 162,700	\$ 180,457

Additional information on Falls Township's capital assets can be found in Note E on page 55 of this report.

Falls Township prepared a ten year capital purchase plan in 2004. All long-term planning for the acquisition of these various assets would be primarily funded through the Host Community Fees fund. The capital assets for the year 2010 in the Township's ten year capital purchase plan were acquired in accordance with the budget. These assets, along with the 2010 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 G beginning on page 56 of this report.

Economic Factors and Next Year's Budgets and Rates

- 1) Tipping fees received from the landfill located in the Township fell in 2009 due to the impact of the economic downturn and were anticipated to remain at reduced levels in 2010. However, 2010 earnings did recover somewhat netting \$866,000 more than budgeted. Waste Management landfill projections indicate that tipping fee revenue is expected to decline throughout 2011.
- 2) The Pinewood Pool is expected to continue operations while trying to contain costs and exceed projected revenues. The Township has assumed in-house management of the pool for 2011 in an effort to control costs. Pool membership registration is on an upswing. And, the capital reserve fund will provide another cash transfer in 2011.
- 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 2011 budget.
- 5) As part of the 2006 Settlement Agreement with the Township of Falls Authority (TOFA), the General Fund anticipates receiving in excess of \$17,000,000 in principle and interest from TOFA for the purchase of the Township Water and Sewer assets.

All of these factors were considered in preparing the Falls Township's budget for 2011.

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, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash & cash equivalents	\$ 15,155,669	\$	\$ 15,155,669
Investments	25,823,983		25,823,983
Taxes receivable	105,583		105,583
Accounts receivable (net of allowance for uncollectibles)	1,357,062		1,357,062
Interest receivable	251,941		251,941
Prepaid assets	175,009		175,009
Total Current Assets	<u>42,869,247</u>	<u>-</u>	<u>42,869,247</u>
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Buildings and systems	1,992,480		1,992,480
Infrastructure	63,644,562		63,644,562
Improvements other than buildings	2,644,267		2,644,267
Machinery and equipment	1,154,933	17,757	1,172,690
Total Capital Assets	<u>85,897,168</u>	<u>180,457</u>	<u>86,077,625</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>102,692,380</u>	<u>180,457</u>	<u>102,872,837</u>
TOTAL ASSETS	<u>\$ 145,561,627</u>	<u>\$ 180,457</u>	<u>\$ 145,742,084</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 491,088	\$ 124	\$ 491,212
Accrued salary and benefits	290,769	532	291,301
Unearned revenue	203,670		203,670
Deposits	760,276		760,276
Internal balances	(258,037)	258,037	-
Portion due or payable within one year			
Compensated absences	426,263		426,263
Total Current Liabilities	<u>1,914,029</u>	<u>258,693</u>	<u>2,172,722</u>
Long-term Liabilities:			
Portion due or payable after one year			
Judgment payable	500,000		500,000
Compensated absences	604,188		604,188
Other post-employment benefits	625,848		625,848
Total Long-term Liabilities	<u>1,730,036</u>	<u>-</u>	<u>1,730,036</u>
TOTAL LIABILITIES	<u>3,644,065</u>	<u>258,693</u>	<u>3,902,758</u>
NET ASSETS			
Invested in capital assets	85,897,168	180,457	86,077,625
Restricted for			
Highways and streets	111,729		111,729
Culture and recreation	542,435		542,435
Unrestricted	55,366,230	(258,693)	55,107,537
TOTAL NET ASSETS	<u>141,917,562</u>	<u>(78,236)</u>	<u>141,839,326</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 145,561,627</u>	<u>\$ 180,457</u>	<u>\$ 145,742,084</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,139,446	\$ 911,525	\$ 514,492	\$ -	\$ (713,429)	\$ -	\$ (713,429)
Public safety	13,656,438	1,194,309	328,894		(12,133,235)		(12,133,235)
Public works - highways and streets	5,078,350	50,025	959,143		(4,069,182)		(4,069,182)
Culture and recreation	1,477,633	153,921	2,500		(1,321,212)		(1,321,212)
TOTAL GOVERNMENTAL ACTIVITIES	22,351,867	2,309,780	1,805,029	-	(18,237,058)	-	(18,237,058)
BUSINESS-TYPE ACTIVITIES							
Pinewood Pool	198,378	140,498			(57,880)		(57,880)
TOTAL BUSINESS-TYPE ACTIVITIES	198,378	140,498	-	-	(57,880)	-	(57,880)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 22,550,245	\$ 2,450,278	\$ 1,805,029	\$ -	(18,237,058)	(57,880)	(18,294,938)
GENERAL REVENUES							
Property taxes, levied for general purposes					2,280,492		2,280,492
Real estate transfer taxes					323,164		323,164
Local services taxes					402,011		402,011
Mechanical device tax					32,513		32,513
Other taxes					13,539		13,539
Payment in lieu of taxes					75,000		75,000
Host community fees					11,979,130		11,979,130
Interest earnings					1,113,180		1,113,180
Miscellaneous revenues					54,826		54,826
Transfers					(70,000)	70,000	-
TOTAL GENERAL REVENUES AND TRANSFERS					16,203,855	70,000	16,273,855
CHANGE IN NET ASSETS					(2,033,203)	12,120	(2,021,083)
NET ASSETS AT BEGINNING OF YEAR					143,950,765	(90,356)	143,860,409
NET ASSETS AT END OF YEAR					\$ 141,917,562	\$ (78,236)	\$ 141,839,326

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Capital Reserve	Host Community	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash & cash equivalents	\$ 79,098	\$ 2,111,403	\$ 11,337,282	\$ 1,627,886	\$ 15,155,669
Investments	453,136	2,375,122	23,448,861	25,000	25,823,983
Accounts receivable (net of allowance for uncollectibles)	41,910		878,926	63,673	1,357,062
Taxes receivable		16,795,212			105,583
Loans receivable	1,836,076		2,179,128	17,753	16,795,212
Interfund receivable	175,009				4,032,957
Prepaid items					175,009
TOTAL ASSETS	\$ 2,585,229	\$ 21,281,737	\$ 37,844,197	\$ 1,734,312	\$ 63,445,475
LIABILITIES					
Accounts payable	\$ 86,639	\$ 16,322	\$ 371,754	\$ 16,373	\$ 491,088
Deposits	59,981	700,045		250	760,276
Interfund payable	7,326	3,658,429	67,756	41,409	3,774,920
Salaries and benefits payable	682,654			34,378	717,032
Deferred revenue	348,986		54,495	54,478	457,959
TOTAL LIABILITIES	1,185,586	4,374,796	494,005	146,888	6,201,275
FUND BALANCES					
Reserved for:					
Prepaid items	175,009				175,009
Loans receivable		16,795,212			16,795,212
Unreserved, reported in:					
General fund	1,224,634		37,350,192	1,521,782	1,224,634
Special revenue funds				65,642	38,871,974
Permanent fund					65,642
Capital projects fund		111,729			111,729
TOTAL FUND BALANCES	1,399,643	16,906,941	37,350,192	1,587,424	57,244,200
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,585,229	\$ 21,281,737	\$ 37,844,197	\$ 1,734,312	\$ 63,445,475

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, 2010

TOTAL GOVERNMENTAL FUND BALANCES	\$ 57,244,200
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$128,397,704 and the accumulated depreciation is \$42,500,536	85,897,168
Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds	254,289
Interest receivable is not a current resource and therefore is not reported in the governmental funds	251,941
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:	
Judgment payable	(500,000)
Other post employment benefits	(625,848)
Compensated absences	(604,188)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 141,917,562</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Capital Reserve	Host Community Fees	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 896,892	\$	\$	\$ 1,372,862	\$ 2,269,754
Real estate transfer	323,164				323,164
Local services	401,538				401,538
Mechanical device	32,513				32,513
Motor fuel tax				620,034	620,034
Payment in lieu of taxes	29,605		11,529,130	45,395	75,000
Host community fees					11,529,130
Licenses and permits	737,645				737,645
Fines and forfeits	204,078				204,078
Interest earnings	504,206	69,394	648,235	1,970	1,223,805
Rents	69,615				81,190
Intergovernmental	528,031	2,780	339,109	293,244	1,163,164
Charges for services	1,762,076		23,093	153,920	1,939,089
Contributions and donations	360				38,510
Refunds of prior years	26,646				26,646
Miscellaneous	1,946				1,946
TOTAL REVENUES	5,518,315	72,174	12,539,567	2,537,150	20,667,206
EXPENDITURES					
Current					
General government	1,825,354	101,300	66,193	-	1,992,847
Public safety	11,982,618		40,193	1,248,291	13,271,102
Public works - highway and street	1,774,524		80,736	765,154	2,620,414
Culture and recreation			3,597	900,263	903,860
Capital outlay		23,241			23,241
General government			325,579		325,579
Public safety		26,976	1,735,502	60,810	1,823,288
Public works - highway and street			710,658		710,658
Culture and recreation					
TOTAL EXPENDITURES	15,582,496	151,517	2,962,458	2,974,518	21,670,989
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,064,181)	(79,343)	9,577,109	(437,368)	(1,003,783)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,170,837		2,000,000	420,000	12,590,837
Transfers out		(5,070,000)	(7,471,958)	(118,879)	(12,660,837)
Sale of capital assets	823				823
TOTAL OTHER FINANCING SOURCES (USES)	10,171,660	(5,070,000)	(5,471,958)	301,121	(69,177)
NET INCREASE (DECREASE) IN FUND BALANCES	107,479	(5,149,343)	4,105,151	(136,247)	(1,072,960)
FUND BALANCE AT BEGINNING OF YEAR	1,292,164	22,056,284	33,245,041	1,723,671	58,317,160
FUND BALANCES, ENDING	\$ 1,399,643	\$ 16,906,941	\$ 37,350,192	\$ 1,587,424	\$ 57,244,200

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, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,072,960)
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:</p>	
Capital outlay	2,882,766
Depreciation expense	(3,374,392)
<p>Disposal of capital assets are reported in the governmental funds to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.</p>	
	(11,930)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
	(167,917)
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	
	17,773
<p>On the Statement of Activities the actual and projected long term expenditures for post-employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.</p>	
	(195,918)
<p>Interest is reported as an expenditure when due in the Governmental Funds, but is accrued on outstanding debt in the statement of activities.</p>	
	<u>(110,625)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,033,203)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$ 946,252	\$ 946,252	\$ 896,892	\$ (49,360)
Real estate transfer	500,000	500,000	323,164	(176,836)
Local services	350,000	350,000	401,538	51,538
Mechanical device	24,000	24,000	32,513	8,513
Payment in lieu of taxes	-	-	29,605	29,605
Licenses and permits	680,000	680,000	737,645	57,645
Fines and forfeits	200,000	200,000	204,078	4,078
Interest earnings	511,372	511,372	504,206	(7,166)
Rents	80,000	80,000	69,615	(10,385)
Intergovernmental	504,800	504,800	528,031	23,231
Charges for services	2,027,992	2,027,992	1,762,076	(265,916)
Contributions and donations	-	-	360	360
Refunds of prior years	15,000	15,000	26,646	11,646
Miscellaneous revenues	100	100	1,946	1,846
TOTAL REVENUES	<u>5,839,516</u>	<u>5,839,516</u>	<u>5,518,315</u>	<u>(321,201)</u>
EXPENDITURES				
Current				
General government				
Supervisors	56,917	56,917	57,791	(874)
Manager	299,734	299,734	335,202	(35,468)
Finance and administration	465,349	465,349	455,884	9,465
Attorney	150,000	150,000	275,175	(125,175)
Other	470,296	470,296	701,302	(231,006)
Total general government	<u>1,442,296</u>	<u>1,442,296</u>	<u>1,825,354</u>	<u>(383,058)</u>
Public safety				
Police	10,452,508	10,452,508	10,642,222	(189,714)
Fire	448,356	448,356	431,514	16,842
Code Enforcement	986,416	986,416	908,882	77,534
Total public safety	<u>11,887,280</u>	<u>11,887,280</u>	<u>11,982,618</u>	<u>(95,338)</u>
Public works				
Highways and streets	1,562,753	1,562,753	1,774,524	(211,771)
Total public works	<u>1,562,753</u>	<u>1,562,753</u>	<u>1,774,524</u>	<u>(211,771)</u>
TOTAL EXPENDITURES	<u>14,892,329</u>	<u>14,892,329</u>	<u>15,582,496</u>	<u>(690,167)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,052,813)</u>	<u>(9,052,813)</u>	<u>(10,064,181)</u>	<u>(1,011,368)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,522,000	9,522,000	10,170,837	648,837
Sale of assets	5,000	5,000	823	(4,177)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,527,000</u>	<u>9,527,000</u>	<u>10,171,660</u>	<u>644,660</u>
NET INCREASE (DECREASE) IN FUND BALANCE	474,187	474,187	107,479	(366,708)
FUND BALANCE, BEGINNING	<u>1,292,164</u>	<u>1,292,164</u>	<u>1,292,164</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,766,351</u>	<u>\$ 1,766,351</u>	<u>\$ 1,399,643</u>	<u>\$ (366,708)</u>

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, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Host Community fees	\$ 10,519,700	\$ 10,519,700	\$ 11,529,130	\$ 1,009,430
Interest earnings	2,100,000	2,100,000	648,235	(1,451,765)
Intergovernmental	-	-	339,109	339,109
Charges for services	15,000	15,000	23,093	8,093
TOTAL REVENUES	<u>12,634,700</u>	<u>12,634,700</u>	<u>12,539,567</u>	<u>(95,133)</u>
EXPENDITURES				
Current				
General government	265,000	265,000	66,193	198,807
Public safety	65,799	65,799	40,193	25,606
Public works - highway and street	-	-	80,736	(80,736)
Culture and recreation	-	-	3,597	(3,597)
Capital outlay				
Public safety	464,201	464,201	325,579	138,622
Highways and streets	6,830,000	6,830,000	1,735,502	5,094,498
Culture and recreation	1,279,080	1,279,080	710,658	568,422
TOTAL EXPENDITURES	<u>8,904,080</u>	<u>8,904,080</u>	<u>2,962,458</u>	<u>5,941,622</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>3,730,620</u>	<u>3,730,620</u>	<u>9,577,109</u>	<u>5,846,489</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	2,000,000	-
Transfers out	(9,870,000)	(9,870,000)	(7,471,958)	2,398,042
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,870,000)</u>	<u>(7,870,000)</u>	<u>(5,471,958)</u>	<u>2,398,042</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(4,139,380)	(4,139,380)	4,105,151	8,244,531
FUND BALANCE, BEGINNING	<u>33,245,041</u>	<u>33,245,041</u>	<u>33,245,041</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 29,105,661</u>	<u>\$ 29,105,661</u>	<u>\$ 37,350,192</u>	<u>\$ 8,244,531</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

DECEMBER 31, 2010

	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 (net of accumulated depreciation):		
Land	162,700	162,700
Machinery and equipment	17,757	
TOTAL CAPITAL ASSETS	180,457	162,700
TOTAL ASSETS	180,878	163,121
 LIABILITIES		
Current liabilities		
Accounts payable	124	253,080
Interfund payable	258,458	
Salaries and benefits payable	532	397
TOTAL CURRENT LIABILITIES	259,114	253,477
 NET ASSETS		
Invested in capital assets	180,457	162,700
Unrestricted	(258,693)	(253,056)
TOTAL NET ASSETS (DEFICIT)	\$ (78,236)	\$ (90,356)

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
	OPERATING REVENUES	
Charges for sales and services		
Pool memberships	\$ 124,405	\$ 103,589
Concession income	16,093	11,249
	140,498	114,838
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Costs of sales and services	178,436	180,857
Administration	17,969	15,082
Depreciation on capital assets	1,973	
	198,378	195,939
TOTAL OPERATING EXPENSES		
Operating Income (loss)	(57,880)	(81,101)
Transfers in	70,000	-
	12,120	(81,101)
CHANGE IN NET ASSETS		
NET ASSETS (DEFICIT), BEGINNING	(90,356)	(9,255)
NET ASSETS (DEFICIT), ENDING	\$ (78,236)	\$ (90,356)

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 140,498	\$ 114,838
Payments to suppliers	(172,934)	(99,839)
Payments to employees	(17,834)	(14,999)
NET CASH PROVIDED USED IN OPERATING ACTIVITIES	<u>(50,270)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(19,730)	
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(19,730)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	70,000	-
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>70,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (57,880)	\$ (81,101)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	1,973	
Increase (decrease) in interfund payable	258,458	
Increase (decrease) in accounts payable	(252,956)	81,018
Increase (decrease) in salaries and benefits payable	135	83
TOTAL ADJUSTMENTS	<u>7,610</u>	<u>81,101</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (50,270)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

DECEMBER 31, 2010

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 4,965,718	\$ 2,034,415
Receivables	159,290	
Accounts receivable		2,785
Investment, at fair value		
Certificates of deposit	2,976,000	
Common stock, mutual funds	<u>12,906,970</u>	
TOTAL ASSETS	21,007,978	<u>\$ 2,037,200</u>
LIABILITIES		
Accrued investment expenses	<u>12,000</u>	
Escrow deposits		<u>\$ 2,037,200</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 20,995,978</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, 2010

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,283,387
Plan member	240,567
Commonwealth	420,530
Total Contributions	1,944,484
Investment Income	
Interest	30,606
Dividend income	317,325
Net appreciation in fair market value of investments	1,329,024
Total investment income	1,676,955
Less: investment expenses	55,457
Net investment income	1,621,498
TOTAL ADDITIONS	3,565,982
DEDUCTIONS	
Benefits	2,584,333
Administrative expenses	4,815
Total deductions	2,589,148
Change in Net Assets	976,834
NET ASSETS BEGINNING OF YEAR	20,019,144
NET ASSETS END OF YEAR	\$ 20,995,978

See accompanying notes to the basic financial statements