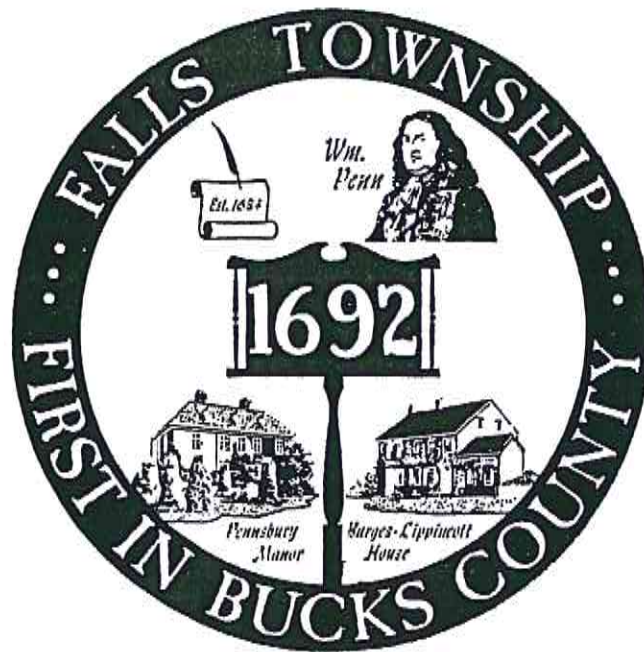


Township of Falls County of Bucks, Pennsylvania

“320 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012



Prepared by Jean E. Reukauf
Finance Director

TOWNSHIP OF FALLS
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2012

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INTRODUCTORY SECTION

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Township of Falls

BUCKS COUNTY, PA



188 Lincoln Highway
Suite 100
Fairless Hills, PA 19030
(215) 949-9000

E-Mail: admin@fallstwp.com
Website: www.fallstwp.com

June 30, 2013

Board of Supervisors

Jeffrey E. Dence
Brian M. Galloway
Robert J. Harvie, Jr.
Jeffrey Rocco
Jonathan R. Snipes

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, 2012 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2012, and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared by the Township's Finance Department in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by Major & Mastro, LLC, Certified Public Accountants.

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

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

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

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

Financial Entity

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

General Information

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

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

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

The Falls Township Police Department is a full service police agency, providing all police services within our community. The agency embraces the concept of Community Policing and emphasizes problem oriented policing. They work in partnership with the community, addressing all issues affecting our citizens. The department is also an accredited police department under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission receiving the status in 2003. This accreditation was the first in Bucks County and the twelfth in the Commonwealth of Pennsylvania. The department followed procedures for recertification in May 2012 and was able to retain the accreditation status for an additional three years. The Chief of Police and three Lieutenants oversee the operations of 51 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 55 police vehicles.

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

The Pennsbury School District administrative offices are located within Falls Township. Pennsbury High School campus, east and west, and six grade schools serve the community with an approximate enrollment of 10,605. The district provides educational services to Falls Township and three neighboring municipalities. The school district has been named a model high school by the Federal Department of Education. Education from nursery school through the eighth grade is also provided by the Pen Ryn School, a private school within the Township's boundaries.

The Fire Marshal's department continually strives to achieve goals in fire safety and environmental concerns. The department is continuing to upgrade its operations by expanding its radio system for emergency management and municipal use. This radio system is also used as a backup for the police

department in the event the County's radio system goes down. An ongoing project in the department includes an Emergency Preparedness Planning and training of various hotel/motel and business operators in the event of an emergency. This project helps both the responders and the community by gathering and distributing contact information before emergencies happen and training entities in the procedures to follow until rescue services arrive. The department also uses the Fire Safety Trailer for community functions to promote safety awareness for children and adults. The trailer simulates smoke in a home and fire officials train citizens what to do in the event of a fire and how to exit the home. They also distribute fire related materials, smoke detectors and offer free safety inspections. This department is made up of the fire marshal, one part-time and two full-time inspectors, and one secretary.

Falls Township is served by three volunteer Fire Companies – Falls Fire Company, Levittown Fire Company and the Fairless Hills Fire Company. The Township is also served by two Rescue Squads – the Levittown Fairless Hills Rescue Squad and the Morrisville Rescue Squad. These agencies provide professional emergency services to Falls Township twenty-four hours a day and seven days a week as well as serving neighboring communities in Pennsylvania and New Jersey, when requested. All agencies receive financial aid from tax dollars contributed by the Township (a total of \$533,000 in support for 2012) although tax funding covers only a portion of their operating costs. Most of the funding for operations comes from individual contributions via fund drives and other fund raising events. On average, one hundred individuals volunteer for the Fire Companies and seventy volunteer at the Rescue Squads.

The Falls Township Parks and Recreation Department oversees sixteen parks which contain playgrounds, athletic fields, tot lots, basketball courts, gardens, trails and pavilions encompassing over 408 acres. Our parks are also home to: the Challenger Field at the Levittown Continental Little League field located off of Mill Creek Road, which provides our special needs youths a fully accessible baseball field; an Inclusive Playspace on Phase I of the Township Community Park, which is completely accessible for anyone using a wheelchair or walker allowing children of any ability to play; and, a boat ramp located in Quaker Penn Park, which provides area boaters access to the Delaware River. These parks and facilities are maintained by the Township's Public Works department, a Park Security staff patrols the Falls Community Park, and overall supervision is provided by the Parks and Recreation Department. This department also provides year round programs and activities for residents.

In addition to the aforementioned parks, the Parks and Recreation Department oversees operations at the Pinewood Pool. The pool was 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 water slide was installed on the pool property in 2010.

Economic Conditions and Outlook

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

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

In the southern portion of Falls Township, the Warner Company developed a 46 acre landfill and began operations in August of 1970. The Warner Company, through its subsidiary Geological Reclamation Operations and Waste Systems, Inc. (G.R.O.W.S.), was issued permits to operate a solid waste disposal facility in the Morrisville section of the Township. The facility, which was subsequently sold to Waste Management, Inc., has expanded to approximately 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 twenty-one years, the Township has experienced renewed economic growth due to the redevelopment of the former Fairless Works site. Although the major steel operations are no longer continuing, the sections of land previously occupied by the mill are being subdivided and redeveloped into building lots with several large industries locating, or in the process of locating, at this site.

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

One of the standards used by the financial industry to determine the financial condition of a municipality is an examination of the entity's ability to borrow funds. As of December 31, 1991, the Township could legally borrow up to \$5 million dollars. As of December 31, 2012, the Township is legally able to borrow in excess of \$50 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, 2012, the Township had over \$31,700,000 in the account. With aggressive savings and competitive interest rates, it is anticipated that the interest earned can assist the General Fund with a revenue stream on an annual basis achieving the Township's goal of funding operating costs long after tipping fees have ceased.

The 2006 sale of the Township's Water and Sewer department created a \$15,000,000 receivable from the Township of Falls Authority (TOFA). In the years leading up to the sale, the cost of purchasing water and the sale of wastewater had become increasingly expensive. Coupled with the cost of operating expenses, it became apparent the best interest of the Township was to form the Authority to allow autonomy in increasing rates for customer billing. TOFA repaid the Township in full on September 21, 2011, well in advance of the balloon principle due date of December 31, 2011.

Relevant Financial Policies

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

Budgeting Controls: The annual budget is the financial blueprint for Falls Township. By documenting the allocation of funds, the budget reflects the policies and projects that are priorities to the Township. As per section 3201 of the Second Class Township Code, the Township's fiscal year begins on the first day in January and ends on December 31st of that calendar year. Generally, a proposed budget for the ensuing fiscal year is approved by the Board of Supervisors in mid-December. The Second Class Township Code permits the Board to amend the budget following any municipal election. The amended budget must then be adopted by February 15th and no proposed amended budget shall, before final adoption, be revised upward in excess of 10% in the aggregate or in excess of 25% of the amount of any major category. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget.

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

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

Major Initiatives

During 2012, 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 2012 marks the tenth 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 2012, the Township planned the reconstruction of twelve roadways for a total of 11,940 lineal feet. The roadways scheduled for reconstruction this year were: Winding Way (2,695 lf.), Vernon Road (320 lf.), Louise Drive (3,062 lf.), Kent Avenue (158 lf.), Paul Road (844 lf.), Mark Drive (950 lf.), Rita Drive (158 lf.), Hedgerow Drive (1,161 lf.), Lions Drive (1,430 lf.), Midway Drive (792 lf.), Hedgerow Turn (106 lf.), and Hilltop Drive (264 lf.) in the Yardley Farms section of Falls Township. This construction consisted of new curbs, driveway aprons, various sidewalks, storm sewer pipes and the roadway itself. The Township is nearing completion of its goal, begun in the early 1990's, of the reconstruction of all Township-owned roadways. The Township road program should be complete by the end of 2015.

Other Information

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2012 is the firm of Major & Mastro, LLC. The independent auditor's report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the Financial Section of this report. Major & Mastro, LLC has issued an unqualified opinion for the year ended December 31, 2012.

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, 2011. This was the fourteenth 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 2012 Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Members of the Administration, Code Enforcement, Zoning, Fire Marshal, Parks and Recreation, Public Works, and Police departments who assisted and contributed to the preparation of this report have my sincere appreciation for their contributions. Due credit should be given as well to the Board of Supervisors for their interest, support and leadership in planning and conducting the operations of the Township in a responsible and progressive manner. Without their support, the preparation of this report would not have been possible.

Respectfully Submitted,

Jean E. Reukauf
Finance Director
June 30, 2013

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, 2011

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.



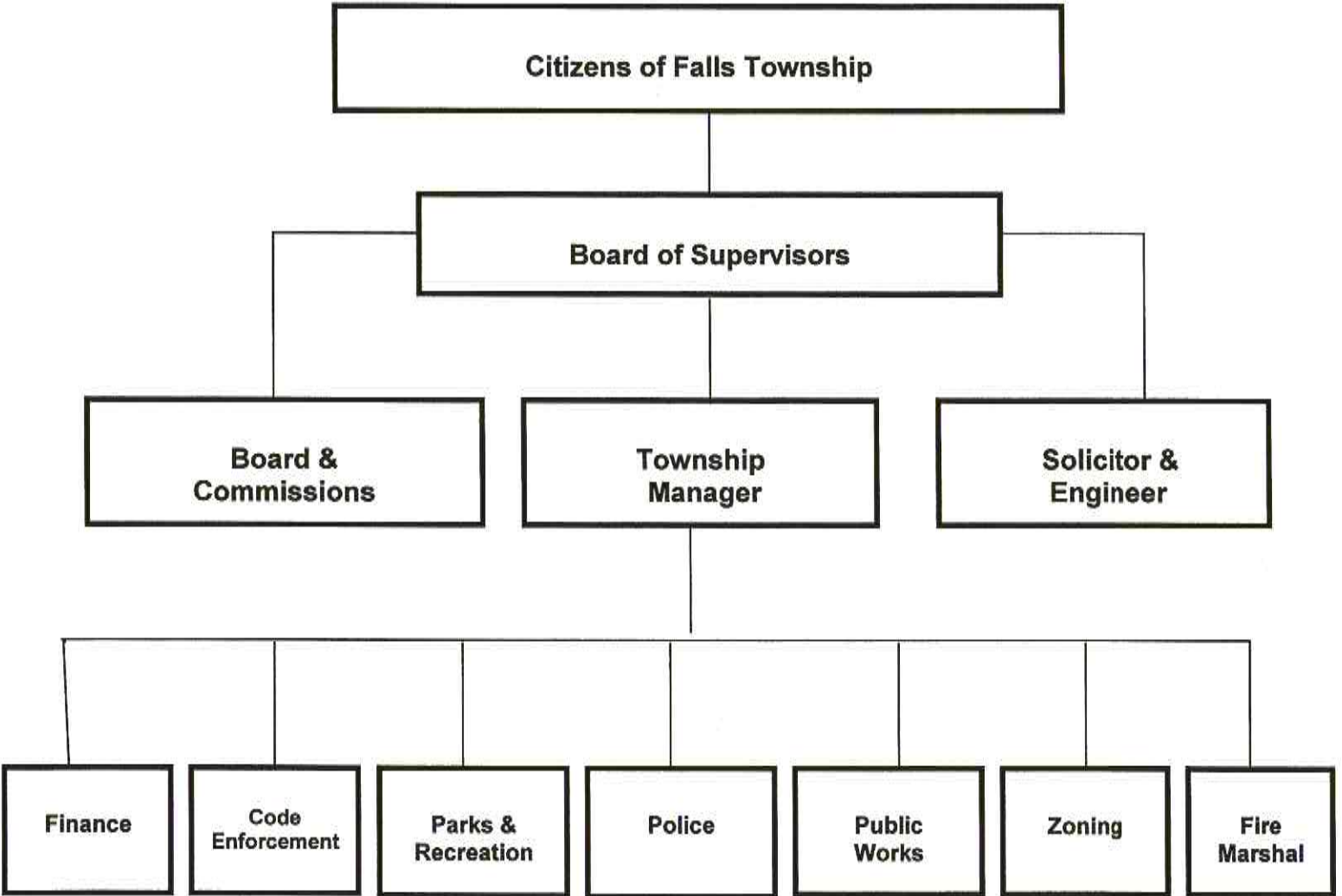
Christopher P. Morill

President

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 |
|---|---|

2012 BOARD OF SUPERVISORS

Robert J. Harvie, Jr., Chairperson

Jonathan R. Snipes, Vice Chairperson

Jeffrey E. Dence, Secretary/Treasurer

Brian M. Galloway, Member

Jeffrey Rocco, Member

CURRENT EXECUTIVE OFFICIALS

Peter F. Gray, Township Manager

Michael P. Clarke, Esq., Township Solicitor

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

William Wilcox, Police Chief

Jean E. Reukauf, Finance Director

Richard Dippolito, Fire Marshal

Thomas Bennett, Zoning Officer

Joseph P. Arnao, Public Works Foreman

Charles William Reese, Parks and Recreation Director

Todd Pletnick, Police Lieutenant

Donald Airey, Police Lieutenant

Henry Ward, Police Lieutenant

Nelson Whitney, Police Lieutenant

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post employment benefit information on pages 18 through 30 and pages 64 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWNSHIP OF FALLS' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and statistical section are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

June 20, 2013

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.

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**Falls Township
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2012**

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, 2012. 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 \$138,378,583 and \$140,603,909 and at the close of the years ended December 31, 2012 and 2011, respectively. Of the 2012 amount, \$47,192,366 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2011 \$51,070,958 was available for that purpose.

The Township's governmental net position decreased by a total of \$2,175,386 over the prior year. This decrease is primarily due to a decrease in the Township's cash reserves.

As of the end of 2012, Falls Township's governmental funds reported combined ending fund balances of \$50,673,106. As a comparison, at the end of 2011, the balance was \$53,900,851, a reduction of \$3,227,745.

Business-type activities' net position decreased by \$49,940 from \$22,921 in 2011 to (\$27,019) in 2012. The reason for this decrease is that charges for services are not keeping pace with expenses.

At the end of the 2012, the unassigned fund balance for the general fund was \$14,616,130 or 65.7% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

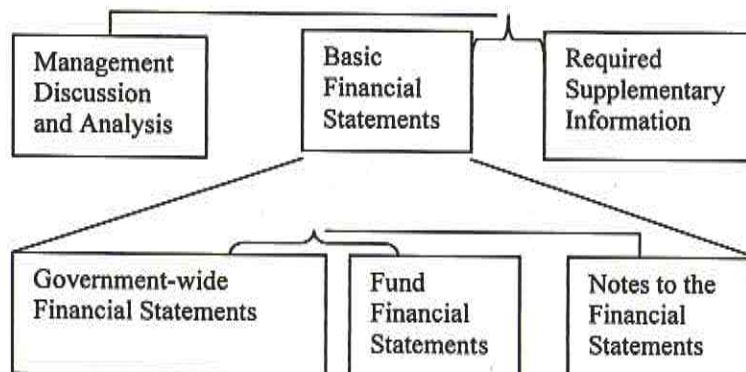
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

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

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

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

Figure 1
Required Components of
Falls Township's Financial Report



Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 44-62 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 position may serve over time as a useful indicator of a government's financial position. For Falls Township, assets exceed liabilities by \$138,378,583 and \$140,603,909 at the close of the years ended December 31, 2012 and 2011, respectively.

The following table provides a summary of the Township's net position at December 31, 2012 compared to the prior year's figures:

FALLS TOWNSHIP NET POSITION

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 53,370,574	\$ 56,155,264	\$ -	\$ -	\$ 53,370,574	\$ 56,155,264
Capital assets	89,871,750	88,258,738	176,511	178,484	90,048,261	88,437,222
Other noncurrent assets	-	-	-	-	-	-
Total Assets	143,242,324	144,414,002	176,511	178,484	143,418,835	144,592,486
Long-term liabilities outstanding	2,215,879	1,767,440	-	-	2,215,879	1,767,440
Other liabilities	2,620,843	2,065,574	203,530	155,563	2,824,373	2,221,137
Total Liabilities	4,836,722	3,833,014	203,530	155,563	5,040,252	3,988,577
Net Position:						
Invested in capital assets	89,871,750	88,258,738	176,511	178,484	90,048,261	88,437,222
Restricted	1,137,956	1,095,729	-	-	1,137,956	1,095,729
Unrestricted	47,395,896	51,226,521	(203,530)	(155,563)	47,192,366	51,070,958
Total Net Position	\$ 138,405,602	\$ 140,580,988	\$ (27,019)	\$ 22,921	\$ 138,378,583	\$ 140,603,909

The largest portion of Falls Township's net position, 65%, reflects its investment in capital assets (land, building, machinery, equipment, open space, and roads/road improvements). Falls Township uses these capital assets to provide services to the citizens and, therefore, these assets are not available for future spending. Note that all capital assets reported have no outstanding debt on their initial purchases.

A very small portion of Falls Township's net position, 0.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$47,395,896, may be used to meet the government's ongoing obligations to citizens and creditors of the Township.

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

CHANGES IN NET POSITION

Governmental activities

Governmental activities decreased Falls Township's net position by \$2,175,386 for the year ended December 31, 2012 in addition to the decrease in net position by \$1,200,325 for the year ended December 31, 2011. The 2012 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 decreased Falls Township's net position by \$49,940 for the year ended December 31, 2012 compared to an increase of \$101,157 for the prior year. These activities represent ongoing operations at the Pinewood Pool for 2012.

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.

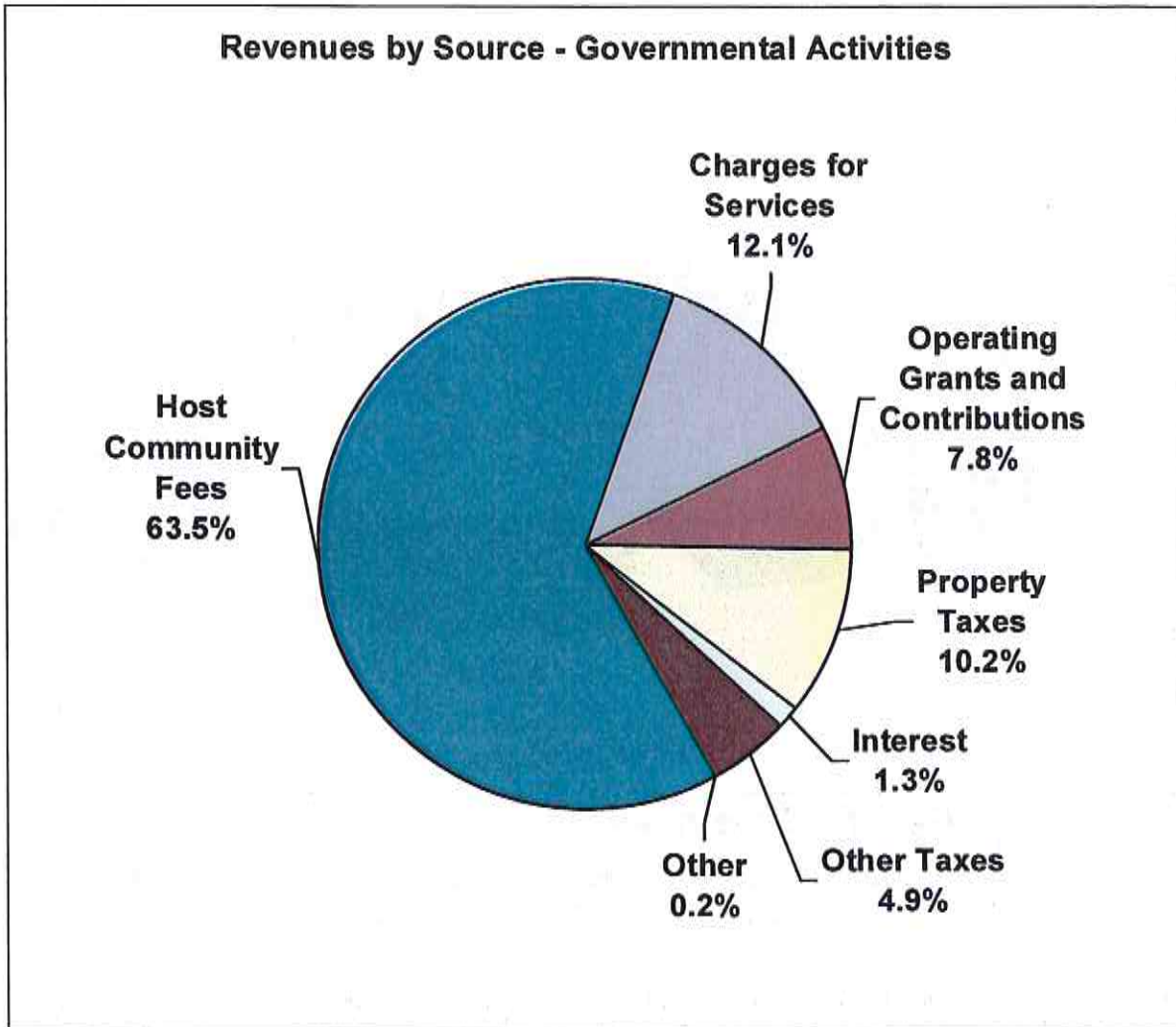
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2012 compared to the prior year's figures.

**FALLS TOWNSHIP
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,683,787	\$ 2,595,002	\$ 176,139	\$ 166,755	\$ 2,859,926	\$ 2,761,757
Operating Grants and Contributions	1,722,785	1,980,080	-	-	1,722,785	1,980,080
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,274,529	2,279,128	-	-	2,274,529	2,279,128
Other taxes	1,076,975	862,662	-	-	1,076,975	862,662
Host Community Fees	14,104,136	13,179,521	-	-	14,104,136	13,179,521
Other	334,782	1,488,108	-	-	334,782	1,488,108
Total Revenues	<u>\$ 22,196,994</u>	<u>\$ 22,384,501</u>	<u>\$ 176,139</u>	<u>\$ 166,755</u>	<u>\$ 22,373,133</u>	<u>\$ 22,551,256</u>
EXPENSES:						
General Government	\$ 2,415,703	\$ 2,240,103			\$ 2,415,703	\$ 2,240,103
Public Safety	14,588,506	14,122,814			14,588,506	14,122,814
Highway and Streets	5,530,481	5,289,057			5,530,481	5,289,057
Culture and Recreation	1,837,690	1,782,852			1,837,690	1,782,852
Debt Service Interest	-	-			-	-
Pinewood Pool	-	-	\$ 226,079	\$ 215,598	226,079	215,598
Total Expenses	<u>24,372,380</u>	<u>23,434,826</u>	<u>226,079</u>	<u>215,598</u>	<u>24,598,459</u>	<u>23,650,424</u>
Change in net position before transfers	(2,175,386)	(1,050,325)	(49,940)	(48,843)	(2,225,326)	(1,099,168)
Transfers	-	(150,000)	-	150,000	-	-
Change in Net Position	(2,175,386)	(1,200,325)	(49,940)	101,157	(2,225,326)	(1,099,168)
Net Position, Beginning	140,580,988	141,781,313	22,921	(78,236)	140,603,909	141,703,077
Net Position, Ending	<u>\$ 138,405,602</u>	<u>\$ 140,580,988</u>	<u>\$ (27,019)</u>	<u>\$ 22,921</u>	<u>\$ 138,378,583</u>	<u>\$ 140,603,909</u>

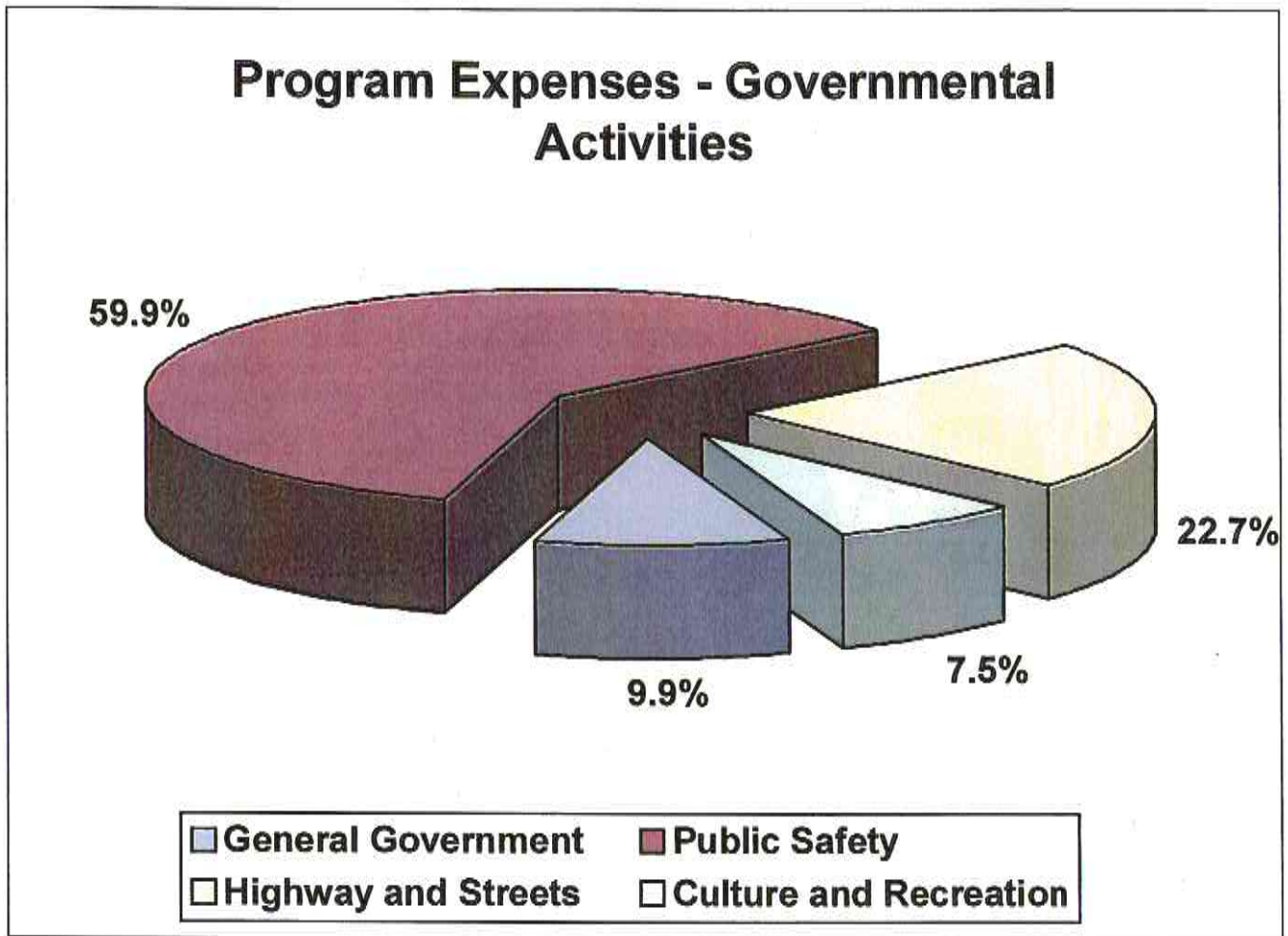
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2012:



Of the total Government-wide revenues of \$22,196,994, \$14,104,136 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 \$2,683,787 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,274,529, Other Taxes brought in \$1,076,975, Operating Grants and Contributions added \$1,722,785, Interest Earnings netted \$288,455 and Other (miscellaneous) revenues were \$46,327.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2012:

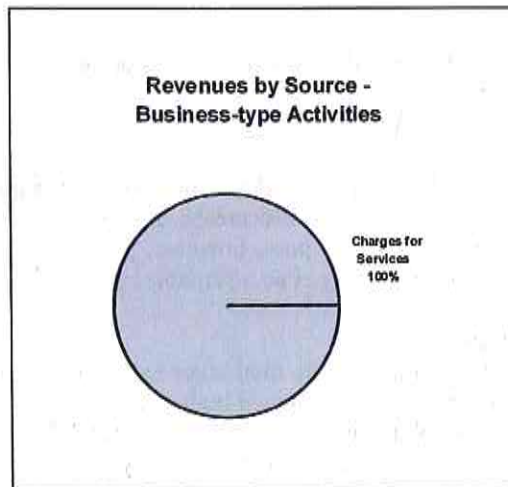
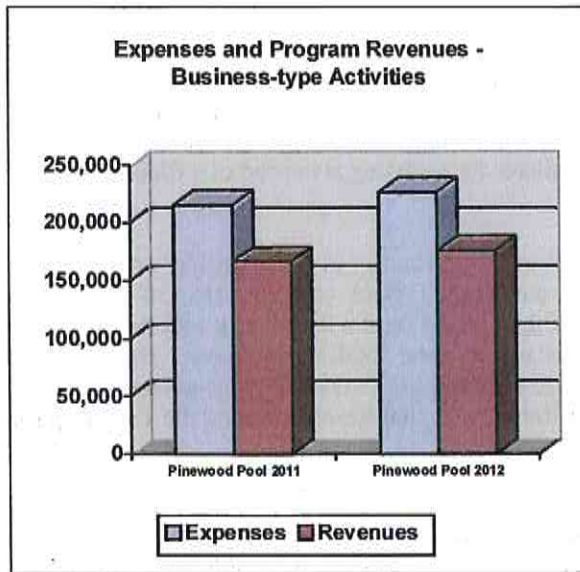


Most of the expenses that occurred in the year 2012 were related to Public Safety. Public Safety expenses were \$14,588,506. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$5,530,481 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 \$1,837,690 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,415,703 and include costs for staffing, benefits, insurance and various other administrative costs.

Business-type activities

Business-type activities decreased the Township's net position by \$49,940. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$49,940 in 2012. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2012 was the ninth full year of operation for the renovated site. The loss is attributed to continued increases in operating costs outpacing revenues, in spite of an increase in the number of pool membership registrations.



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

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

As Falls Township completed the year, its governmental funds reported a combined fund balance of \$50,673,106 a decrease of \$3,227,745 compared to the previous year. Of the combined fund balance total: \$14,488,011 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$34,842,976 is assigned for specific purposes; and \$1,137,956 is restricted for particular purposes.

As noted earlier, Falls Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Falls Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Falls Township's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

General Fund

The General Fund is the chief operating fund of Falls Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,616,130 while total fund balance reached \$42,073,239. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of Falls Township's general fund increased \$5,781,224 during 2012. Overall, expenditures were higher; however, rising costs were offset by a large transfer from the Capital Reserve to fund the Township road reconstruction program and other capital projects.

Capital Reserve

The Capital Reserve fund serves the Township to finance various Township purchases and projects. At the end of 2012, the assigned and total fund balance was \$7,590,030. This is a decrease in the amount of \$8,986,411 due to a substantial transfer into the General Fund to fund ongoing capital programs.

Proprietary Funds

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

Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2012, the net position was (\$27,019). This represents a decrease of \$49,940 over the prior year. Expenses continue to outpace revenues at the community pool; however, pool memberships are on the rise. The Township strives to offer a state of the art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were over budget by \$3,667,446 for 2012. The largest contributing factors were: Real Estate Transfer Taxes over budget by \$232,059, Host Community Fees over budget by \$3,548,536, Intergovernmental revenues over budget by \$248,548, and Charges for Services coming in over budget by \$169,499. This was more than enough to offset Interest Earnings coming in short by \$543,816. Total expenditures for the year were under budget by a total of \$3,819,060. The greatest savings occurred in expenditures for Capital Outlays which will not be completed until 2013.

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, 2012, amount to \$90,048,261 (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 2012 included the following:

Road improvements for various roads in the Township amounting to just over \$3,972,000 in construction and engineering costs. Also improving our roadways were continuing upgrades to Township traffic signals at a cost of \$19,223.

Park improvements in the form of a new Babe Ruth baseball field at Quaker Penn Park amounted to \$321,048, soccer field reconstruction at the Community Park cost \$203,995, engineering costs for the Biles Island master plan cost \$26,259, and engineering costs for the reconstruction of the Penns Grant tennis courts amounted to \$17,831.

Capital purchases for the Police Department, including patrol car purchases, were just under \$230,000.

FALLS TOWNSHIP
Capital Assets
(net of accumulated depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Building and System	2,175,977	2,181,634	-	-
Improvements other than Building	3,174,411	3,329,099	-	-
Machinery and Equipment	1,237,404	1,143,643	13,811	15,784
Infrastructure	66,823,032	65,143,436	-	-
	<u>\$ 89,871,750</u>	<u>\$ 88,258,738</u>	<u>\$ 176,511</u>	<u>\$ 178,484</u>

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

Falls Township prepared a ten year capital purchase plan in 2004. All long-term planning for the acquisition of these various assets would be primarily funded through host community fees. The capital assets for the year 2012 in the Township's ten year capital purchase plan were acquired in accordance with the budget. These assets, along with the 2012 road program, were the Township's significant additions or improvements for the year.

Debt Administration

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

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

Economic Factors and Next Year's Budgets and Rates

1) Tipping fees received from the landfill located in the Township have been on the rise since 2010, netting \$866,000 more than budgeted for that year. In 2011, earnings recovered even further coming in over budget by \$1,465,421. Fiscal year 2012 saw a large increase in landfill revenue due to some economic recovery as well as an influx of tonnage generated by clean-up from Superstorm Sandy in October 2012. Revenues for 2012 topped \$13 million. Projections for 2013 are similar.

2) The Pinewood Pool is expected to continue operations while trying to contain costs and exceed projected revenues. The Township has continued in-house management of the pool for 2012 in an effort to control costs. Pool membership registration is on an upswing. And, the Host Community Fees fund will provide another cash transfer in 2013, if needed.

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

All of these factors were considered in preparing the Falls Township budget for 2013.

Requests for Information

Falls Township's financial report is designed to provide a general overview of the Township's finances for those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Falls Township, 188 Lincoln Highway, Suite 100, Fairless Hills, PA 19030.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF FALLS

STATEMENT OF NET POSITION

DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash & cash equivalents	\$ 24,439,940	\$	\$ 24,439,940
Investments	24,705,301		24,705,301
Taxes receivable	103,920		103,920
Accounts receivable (net of allowance for uncollectibles)	3,917,250		3,917,250
Prepaid assets	204,163		204,163
Total Current Assets	<u>53,370,574</u>	<u>-</u>	<u>53,370,574</u>
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Buildings and systems	2,175,977		2,175,977
Infrastructure	66,823,032		66,823,032
Improvements other than buildings	3,174,411		3,174,411
Machinery, equipment, and vehicles	1,237,404	13,811	1,251,215
Total Capital Assets	<u>89,871,750</u>	<u>176,511</u>	<u>90,048,261</u>
TOTAL ASSETS	<u>143,242,324</u>	<u>176,511</u>	<u>143,418,835</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	881,939	120	882,059
Accrued salary and benefits	311,489	639	312,128
Unearned revenue	236,584		236,584
Deposits	814,908		814,908
Judgment payable	104,590		104,590
Internal balances	(202,771)	202,771	-
Portion due or payable within one year			
Compensated absences	474,104		474,104
Total Current Liabilities	<u>2,620,843</u>	<u>203,530</u>	<u>2,824,373</u>
Long-term Liabilities:			
Portion due or payable after one year			
Compensated absences	759,934		759,934
Other post-employment benefits	1,455,945		1,455,945
Total Long-term Liabilities	<u>2,215,879</u>	<u>-</u>	<u>2,215,879</u>
TOTAL LIABILITIES	<u>4,836,722</u>	<u>203,530</u>	<u>5,040,252</u>
NET POSITION			
Net investment in capital assets	89,871,750	176,511	90,048,261
Restricted for			
Culture and recreation	120,805		120,805
Fire protection	1,663		1,663
Library support	372		372
Recycling expenditures	446,108		446,108
Highway aid	427,175		427,175
Drug prevention	141,833		141,833
Unrestricted	47,395,896	(203,530)	47,192,366
TOTAL NET POSITION	<u>\$ 138,405,602</u>	<u>\$ (27,019)</u>	<u>\$ 138,378,583</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,415,703	\$ 953,299	\$ 579,781	\$ -	\$ (882,623)	\$ -	\$ (882,623)
Public safety	14,588,506	1,496,699	278,797	-	(12,813,010)	-	(12,813,010)
Public works - highways and streets	5,530,481	59,570	864,175	-	(4,606,736)	-	(4,606,736)
Culture and recreation	1,837,690	174,219	32	-	(1,663,439)	-	(1,663,439)
TOTAL GOVERNMENTAL ACTIVITIES	24,372,380	2,683,787	1,722,785	-	(19,965,808)	-	(19,965,808)
BUSINESS-TYPE ACTIVITIES							
Pinewood Pool	226,079	176,139	-	-	(49,940)	-	(49,940)
TOTAL BUSINESS-TYPE ACTIVITIES	226,079	176,139	-	-	(49,940)	-	(49,940)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 24,598,459	\$ 2,859,926	\$ 1,722,785	\$ -	(19,965,808)	(49,940)	(20,015,748)
GENERAL REVENUES							
Property taxes, levied for general purposes					2,274,529		2,274,529
Real estate transfer taxes					582,059		582,059
Local services taxes					371,546		371,546
Mechanical device tax					33,583		33,583
Other taxes					14,328		14,328
Payment in lieu of taxes					75,459		75,459
Contributions not restricted to specific programs					14,104,136		14,104,136
Interest earnings					288,455		288,455
Miscellaneous revenues					46,327		46,327
TOTAL GENERAL REVENUES AND TRANSFERS					17,790,422	-	17,790,422
CHANGE IN NET POSITION					(2,175,386)	(49,940)	(2,225,326)
NET POSITION AT BEGINNING OF YEAR					140,580,988	22,921	140,603,909
NET POSITION AT END OF YEAR					\$ 138,405,602	\$ (27,019)	\$ 138,378,583

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 14,903,944	\$ 8,383,447	\$ 1,152,549	\$ 24,439,940
Investments	24,705,301			24,705,301
Accounts receivable (net of allowance for uncollectibles)	3,917,249	I		3,917,250
Taxes receivable	41,122		62,798	103,920
Interfund receivable	314,843		38,610	353,453
Prepaid items	204,163			204,163
TOTAL ASSETS	\$ 44,086,622	\$ 8,383,448	\$ 1,253,957	\$ 53,724,027
LIABILITIES				
Accounts payable	\$ 815,626	\$ 22,152	\$ 44,161	\$ 881,939
Deposits	43,392	771,266	250	814,908
Interfund payable	38,610		112,072	150,682
Salaries and benefits payable	756,008		29,585	785,593
Unearned revenue	314,775			314,775
TOTAL LIABILITIES	1,968,411	793,418	186,068	2,947,897
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - real estate taxes	38,025		58,052	96,077
Unavailable revenue - other	6,947			6,947
TOTAL DEFERRED INFLOWS OF RESOURCES	44,972	-	58,052	103,024
FUND BALANCES				
Nonspendable:				
Prepaid items	204,163			204,163
Restricted for:				
Culture and recreation			120,805	120,805
Fire protection			1,663	1,663
Library support			372	372
Recycling expenditures			446,108	446,108
Highway aid			427,175	427,175
Drug prevention			141,833	141,833
Assigned to:				
Capital projects	17,326,670	7,590,030		24,916,700
Subsequent year's budget: appropriation of fund balance	9,926,276			9,926,276
Unassigned	14,616,130		(128,119)	14,488,011
TOTAL FUND BALANCES	42,073,239	7,590,030	1,009,837	50,673,106
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 44,086,622	\$ 8,383,448	\$ 1,253,957	\$ 53,724,027

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

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

DECEMBER 31, 2012

TOTAL GOVERNMENTAL FUND BALANCES	\$ 50,673,106
Amounts reported for governmental activities on the statement of net position are different because of the following:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$139,537,378 and the accumulated depreciation is \$49,665,628	89,871,750
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	181,215
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	(104,590)
Other post employment benefits	(1,455,945)
Compensated absences	(759,934)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 138,405,602</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 895,591			\$ 2,268,828
Real estate transfer	582,059		1,373,237	582,059
Local services	371,209			371,209
Mechanical device	33,583			33,583
Motor fuel tax			633,435	633,435
Payment in lieu of taxes	30,064		45,395	75,459
Host community fees	14,104,136			14,104,136
Licenses and permits	797,257			797,257
Fines and forfeits	186,362			186,362
Interest earnings		6,314		6,314
Rents	281,534		609	288,457
Intergovernmental	84,944		13,137	98,081
Charges for services	824,848		246,147	1,070,995
Contributions and donations	1,452,849		174,219	1,627,068
Refunds of prior years	906		32,682	33,588
	34,101			34,101
TOTAL REVENUES	19,679,443	6,314	2,518,861	22,204,618
EXPENDITURES				
Current				
General government	2,218,302			2,283,123
Public safety	12,687,753	64,821		13,802,918
Public works - highways and streets	2,072,284		1,115,165	2,905,706
Culture and recreation	41,711		833,422	1,046,577
Capital outlay			1,004,866	
General government	65,462			65,462
Public safety	277,014			277,014
Public works - highways and streets	4,120,425	107,904	75,466	4,303,795
Culture and recreation	758,629			758,629
TOTAL EXPENDITURES	22,241,580	172,725	3,028,919	25,443,224
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,562,137)	(166,411)	(510,058)	(3,238,606)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,821,000			9,309,500
Transfers out	(488,500)		488,500	(9,309,500)
Sale of capital assets	10,861		(1,000)	10,861
TOTAL OTHER FINANCING SOURCES (USES)	8,343,361	(8,820,000)	487,500	10,861
NET INCREASE (DECREASE) IN FUND BALANCES	5,781,224	(8,986,411)	(22,558)	(3,227,745)
FUND BALANCES AT BEGINNING OF YEAR	36,292,015	16,576,441	1,032,395	53,900,851
FUND BALANCES, ENDING	\$ 42,073,239	\$ 7,590,030	\$ 1,009,837	\$ 50,673,106

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, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (3,227,745)
<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	5,404,900
Depreciation expense	(3,771,905)
<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>	
	(19,983)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(7,624)
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	
	(53,619)
<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>	
	(394,820)
<p>Judgement payable does not require the use of current financial resources, therefore, is not reported as an expenditure in Governmental Funds.</p>	
	<u>(104,590)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,175,386)</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 939,992	\$ 939,992	\$ 895,591	\$ (44,401)
Real estate transfer	350,000	350,000	582,059	232,059
Local services	400,000	400,000	371,209	(28,791)
Mechanical device	36,000	36,000	33,583	(2,417)
Payment in lieu of taxes	29,605	29,605	30,064	459
Host community fees	10,555,600	10,555,600	14,104,136	3,548,536
Licenses and permits	744,700	744,700	797,257	52,557
Fines and forfeits	132,000	132,000	186,362	54,362
Interest earnings	825,350	825,350	281,534	(543,816)
Rents	119,000	119,000	84,944	(34,056)
Intergovernmental	576,300	576,300	824,848	248,548
Charges for services	1,283,350	1,283,350	1,452,849	169,499
Contributions and donations	-	-	906	906
Refunds of prior years	20,000	20,000	34,101	14,101
Miscellaneous revenues	100	100	-	(100)
TOTAL REVENUES	16,011,997	16,011,997	19,679,443	3,667,446
EXPENDITURES				
Current				
General government				
Supervisors	30,926	30,926	37,749	(6,823)
Manager	339,584	339,584	381,524	(41,940)
Finance and administration	489,678	489,678	497,072	(7,394)
Attorney	257,500	257,500	339,542	(82,042)
Other	809,381	809,381	962,415	(153,034)
Total general government	<u>1,927,069</u>	<u>1,927,069</u>	<u>2,218,302</u>	<u>(291,233)</u>
Public safety				
Police	11,010,010	11,010,010	11,230,708	(220,698)
Fire	489,154	489,154	453,308	35,846
Code Enforcement	1,045,118	1,045,118	1,003,737	41,381
Total public safety	<u>12,544,282</u>	<u>12,544,282</u>	<u>12,687,753</u>	<u>(143,471)</u>
Public works				
Highways and streets	1,702,207	1,702,207	2,072,284	(370,077)
Total public works	<u>1,702,207</u>	<u>1,702,207</u>	<u>2,072,284</u>	<u>(370,077)</u>
Total culture and recreation	-	-	41,711	(41,711)
Capital outlay				
General government	483,000	483,000	65,462	417,538
Public safety	1,439,141	1,439,141	277,014	1,162,127
Public works - highway and streets	6,234,000	6,234,000	4,120,425	2,113,575
Culture and recreation	1,730,941	1,730,941	758,629	972,312
Total capital outlay	<u>9,887,082</u>	<u>9,887,082</u>	<u>5,221,530</u>	<u>4,665,552</u>
TOTAL EXPENDITURES	26,060,640	26,060,640	22,241,580	3,819,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,048,643)	(10,048,643)	(2,562,137)	7,486,506
OTHER FINANCING SOURCES (USES)				
Transfers in	9,854,000	9,854,000	8,821,000	(1,033,000)
Transfers out	(488,500)	(488,500)	(488,500)	-
Sale of assets	2,000	2,000	10,861	8,861
TOTAL OTHER FINANCING SOURCES (USES)	9,367,500	9,367,500	8,343,361	(1,024,139)
NET INCREASE (DECREASE) IN FUND BALANCE	(681,143)	(681,143)	5,781,224	6,462,367
FUND BALANCE, BEGINNING	36,292,015	36,292,015	36,292,015	-
FUND BALANCE, ENDING	\$ 35,610,872	\$ 35,610,872	\$ 42,073,239	\$ 6,462,367

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
ASSETS		
Current assets		
Due from other funds	\$ -	\$ 421
TOTAL CURRENT ASSETS	-	421
Capital Assets (net of accumulated depreciation):		
Land	162,700	162,700
Machinery and equipment	13,811	15,784
TOTAL CAPITAL ASSETS	176,511	178,484
TOTAL ASSETS	176,511	178,905
 LIABILITIES		
Current liabilities		
Accounts payable	120	-
Interfund payable	202,771	155,432
Salaries and benefits payable	639	552
TOTAL CURRENT LIABILITIES	203,530	155,984
 NET POSITION		
Invested in capital assets	176,511	178,484
Unrestricted	(203,530)	(155,563)
TOTAL NET POSITION	\$ (27,019)	\$ 22,921

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Pinewood Pool Current Year</u>	<u>Pinewood Pool Prior Year</u>
OPERATING REVENUES		
Charges for sales and services		
Pool memberships	\$ 155,443	\$ 144,874
Concession income	20,696	21,881
TOTAL OPERATING REVENUES	<u>176,139</u>	<u>166,755</u>
OPERATING EXPENSES		
Costs of sales and services	195,946	183,364
Administration	28,160	30,261
Depreciation on capital assets	1,973	1,973
TOTAL OPERATING EXPENSES	<u>226,079</u>	<u>215,598</u>
Operating Loss	(49,940)	(48,843)
Transfers in	-	150,000
CHANGE IN NET POSITION	(49,940)	101,157
NET POSITION, BEGINNING	<u>22,921</u>	<u>(78,236)</u>
NET POSITION, ENDING	<u>\$ (27,019)</u>	<u>\$ 22,921</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds	
	Pinewood	Pinewood
	Pool	Pool
	Current Year	Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 176,139	\$ 166,755
Payments to suppliers	(88,504)	(88,081)
Payments to employees	(135,395)	(125,648)
NET CASH USED IN OPERATING ACTIVITIES	(47,760)	(46,974)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	47,760	46,974
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	47,760	46,974
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (49,940)	\$ (48,843)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	1,973	1,973
Increase (decrease) in accounts payable	120	(124)
Increase (decrease) in salaries and benefits payable	87	20
TOTAL ADJUSTMENTS	2,180	1,869
NET CASH USED IN OPERATING ACTIVITIES	\$ (47,760)	\$ (46,974)

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2012

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 4,743,250	\$ 2,100,537
Receivables	134,191	
Accounts receivable		1,704
Investment, at fair value		
Certificates of deposit	5,452,000	
Common stock, mutual funds	11,726,568	
	<hr/>	<hr/>
TOTAL ASSETS	22,056,009	<u><u>\$ 2,102,241</u></u>
LIABILITIES		
Escrow deposits		<u><u>\$ 2,102,241</u></u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 22,056,009</u></u>	

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 941,106
Plan member	246,343
Commonwealth	479,199
Total Contributions	<u>1,666,648</u>
Investment Income	
Interest	33,330
Dividend income	247,472
Net appreciation in fair market value of investments	<u>1,173,960</u>
Total investment income	1,454,762
Less: investment expenses	<u>51,176</u>
Net investment income	<u>1,403,586</u>
TOTAL ADDITIONS	<u>3,070,234</u>
DEDUCTIONS	
Benefits	1,918,208
Administrative expenses	<u>398</u>
Total deductions	<u>1,918,606</u>
Change in Net Position	1,151,628
NET POSITION BEGINNING OF YEAR	<u>20,904,381</u>
NET POSITION END OF YEAR	<u>\$ 22,056,009</u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Township of Falls, County of Bucks, Commonwealth of Pennsylvania, was founded in 1692. The Township is a second-class township and is governed by an elected board of five supervisors and a board-appointed Township Manager. Falls Township covers approximately 26.5 square miles in Lower Bucks County and has a population of 34,865 per the 2000 U.S. Census.

The Township of Falls provides a full range of municipal services. These services include police protection; fire protection; park and recreation activities; highway maintenance and reconstruction operations; refuse; and general administrative services.

The Township has followed the guidelines of the Governmental Accounting Standards Board's Statement No. 14 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements, and all non-major funds are aggregated and presented in a single column.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities. All assets and liabilities are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized and operated on the basis of funds.

The Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Reserve Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities and capital assets, other than those financed by proprietary and fiduciary funds.

The Township reports the following major proprietary fund:

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Additionally, the Township reports the following Fiduciary funds:

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

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

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

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

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

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

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

D. New Accounting Pronouncements Implemented

During the current year the Township implemented GASB Statements No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and No. 65 Items Previously Reported as Assets and Liabilities. The effect of these statements is incorporating deferred inflows and outflows of resources and the renaming of "Net Assets" to "Net Position".

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

3. Prepaid Items

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

4. Capital Assets

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

The Township defines capital assets as assets with an estimated useful life in excess of two years and an initial, individual cost greater than \$5,000. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Infrastructure includes retroactive reporting of assets prior to June 30, 1980.

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

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

5. Compensated Absences

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

6. Long-Term Obligations

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

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

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

8. Comparative data

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

9. Net Position

Net position is considered restricted if the use is constrained to a particular purpose. The government-wide statement of net position reports \$1,137,956 of restricted net position, \$122,840 is restricted by enabling legislation.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

10. Fund Equity

The Township implemented GASB Statement No. 54 for the year ending December 31, 2011. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

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

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

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

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

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

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

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Encumbrance accounting is employed in governmental funds. 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.

B. Excess of Expenditures over Appropriations

For the year end December 31, 2012, expenditures exceeded appropriations in the following funds. These over-expenditures were funded by interfund transfers and available fund balances.

<u>Fund</u>	<u>Excess</u>
Street Light Fund	\$ 56,933
Park and Recreation Fund	12,180

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under Act No. 72 enacted by the general assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Depository Insurance Corporation. The uninsured deposits, (as defined by Statement No. 40 of the Government Accounting Standards Board) of the Township in the amount of \$7,120,973 were collateralized by this pool of assets maintained by the Township's depository institutions.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2012, \$7,120,973 of the Township’s bank balance of \$8,027,663 was exposed to custodial credit risk as follows:

Collateral held by pledging bank’s trust department not in the Township’s name	\$7,120,973
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State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer’s Investment Pool.

As of December 31, 2012, the Township had the following investments:

Government-Wide Investments (not including Fiduciary):

Investment	Fair Value
PA Local Government Investment Trust	\$ 17,525,753
PA Treasury Invest Community Pool	36,476
First National Bank Money Market	1,127,916
SEI Government Fund	11,178
US Treasury Notes	262,876
Federal Home Loan Mortgage Corp	8,689,984
Federal Home Loan Bank	1,872,540
Federal National Mortgage Association	13,879,902
	\$ 43,406,625

Fiduciary Investments:

Investment	Fair Value
Mutual Funds	\$ 11,726,568
Certificate of Deposit	5,452,000
PA Local Government Investment Trust	4,743,250
	\$ 21,921,818

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Township has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2012, the Township's investments were rated as:

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

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	\$ 8,689,984	15%
Federal Home Loan Bank	1,872,540	7%
Federal National Mortgage Association	13,879,902	26%

Interest Rate Risk. Interest Rate risk is the risk that changes in interest rates will adversely affect an investment's value. The Township does not have a formal policy regarding interest rate risk. As of December 31, 2012, the Township's investments had the following weighted average maturities:

Investment	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Mortgage Corp	\$ 8,689,984	2.93
Federal Home Loan Bank	1,872,540	1.28
Federal National Mortgage Association	13,879,902	2.93
Bond Mutual Funds	4,167,292	6 - 10

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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

B. Receivables

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

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 41,122	\$ -	\$ 62,798	\$ -	\$ 103,920
Accounts	4,073,151	1	-	135,895	4,209,047
Gross receivables	4,114,273	1	62,798	135,895	4,312,967
Less: allowance for uncollectibles	(155,902)	-	-	-	(155,902)
Total net receivables	<u>\$ 3,958,371</u>	<u>\$ 1</u>	<u>\$ 62,798</u>	<u>\$ 135,895</u>	<u>\$ 4,157,065</u>

C. Unearned/Unavailable Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 38,025	\$
Delinquent property taxes receivable - special revenue funds	58,052	
Accounts receivable, not available	6,947	
Accounts receivable, unearned		314,775
Total Governmental unearned/unavailable revenue	<u>\$ 103,024</u>	<u>\$ 314,775</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets

Capital asset activity for the year ended December 31, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 16,460,926	\$	\$	\$ 16,460,926
Capital Assets being depreciated				
Buildings	4,513,405	167,658		4,681,063
Improvements other than buildings	13,803,375	600,728		14,404,103
Machinery, equipment, and vehicles	6,343,801	511,271	214,692	6,640,380
Infrastructure	93,225,663	4,125,243		97,350,906
Total capital assets being depreciated	<u>117,886,244</u>	<u>5,404,900</u>	<u>214,692</u>	<u>123,076,452</u>
Less accumulated depreciation for:				
Buildings	2,331,771	173,315		2,505,086
Improvements other than buildings	10,474,276	755,416		11,229,692
Machinery, equipment, and vehicles	5,200,158	397,527	194,709	5,402,976
Infrastructure	28,082,227	2,445,647		30,527,874
Total accumulated depreciation	<u>46,088,432</u>	<u>3,771,905</u>	<u>194,709</u>	<u>49,665,628</u>
Total capital assets being depreciated, net	<u>71,797,812</u>	<u>1,632,995</u>	<u>19,983</u>	<u>73,410,824</u>
Governmental activities capital assets, net	<u>\$ 88,258,738</u>	<u>\$ 1,632,995</u>	<u>\$ 19,983</u>	<u>\$ 89,871,750</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 162,700	\$	\$	\$ 162,700
Capital Assets being depreciated				
Machinery and equipment	19,730			19,730
Less accumulated depreciation for:				
Machinery and equipment	3,946	1,973		5,919
Business-type activities capital assets, net	<u>\$ 178,484</u>	<u>\$ (1,973)</u>	<u>\$ -</u>	<u>\$ 176,511</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets, continued

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

Governmental Activities:

General government	\$ 138,841
Public safety	244,655
Public works	2,603,090
Culture and recreation	<u>785,319</u>
Total depreciation expense - governmental activities	<u>\$ 3,771,905</u>

E. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at December 31, 2012:

	Receivable	Payable
General Fund	\$ 314,843	\$ 38,610
Pool Fund	-	202,771
Nonmajor Funds	<u>38,610</u>	<u>112,072</u>
	<u>\$ 353,453</u>	<u>\$ 353,453</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, 2012, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General Fund	\$ 488,500	\$ 8,821,000
Capital Reserve Fund	8,820,000	-
Nonmajor Funds	<u>1,000</u>	<u>488,500</u>
	<u>\$ 9,309,500</u>	<u>\$ 9,309,500</u>

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
Governmental Activities					
Other Post-employment benefits	\$ 1,061,125	\$ 730,379	\$ 335,559	\$ 1,455,945	\$ -
Compensated Absences	1,080,900	263,951	110,813	1,234,038	474,104
Total Governmental Activities	<u>\$ 2,142,025</u>	<u>\$ 994,330</u>	<u>\$ 446,372</u>	<u>\$ 2,689,983</u>	<u>\$ 474,104</u>

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

4. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to third party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, and injuries to employees. As a method of financing the risk, the Township purchases commercial insurance. The Township participates in the Delaware Valley Worker's Compensation Trust. The amount of settlement did not exceed insurance coverage for the past three years. There have been no significant reductions in insurance coverage during the year ended December 31, 2012.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

A judgment payable has been recorded on the government-wide statement of net position in the amount of \$104,590. This amount is expected to be paid as a result of litigation. The Township is a defendant in several lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of Township Management, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

C. Other Post-employment Benefits

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

Funding Policy: The Township has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2012 year, 23 eligible retirees received postemployment health care benefits. The Township provided age-adjusted contributions of \$335,559 toward the annual OPEB cost. Required contributions are based on projected age-adjusted pay-as-you-go financing.

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

<u>Description</u>	
Normal cost (service cost for one year)	\$ 167,930
Interest on Normal Cost	29,013
Amortization of Unfunded Actuarial Accrued Liability	<u>557,384</u>
Annual Required Contribution (ARC)	754,327
Interest on net OPEB Obligation	42,445
Adjustment to Annual Required Contribution	<u>(66,393)</u>
Annual OPEB Cost (expense)	730,379
Contributions toward the OPEB Cost	<u>(335,559)</u>
Increase in Net OPEB Obligation	394,820
Net OPEB Obligation, Beginning of Year	<u>1,061,125</u>
Net OPEB Obligation, End of Year	<u>\$ 1,455,945</u>

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2010	\$ 424,679	54%	\$ 625,848
12/31/2011	712,968	39%	1,061,125
12/31/2012	730,379	38%	1,455,945

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

C. Other Post-employment Benefits, continued

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

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

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

The Township's initial OPEB actuarial valuation as of January 1, 2011 used the entry age normal actuarial cost method to estimate both the unfunded liability as of December 31, 2012 and to estimate the Township's annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.0 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 8% initially for the 2011 year, decreasing by .5% per year to an ultimate level of 5%. There is no inflation rate increase or projected salary or post-retirement benefit increases. The amortization method for the unfunded actuarial liability is "level dollar amount". The remaining amortization period at December 31, 2012 is 25 years, using level dollar open amortization.

D. Pension Plans

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Pension Plans, continued

Police Pension Plan (PPP)

Plan Description

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

Membership of the PPP consisted of the following at January 1, 2011, 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	<u>0</u>
Total	<u>95</u>

Summary of Significant Accounting Policies

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

Contributions and Funding Policy

As a condition of participation, full-time officers are required to contribute 5% of compensation to the PPP. The Township allocates State Aid received from the Commonwealth of Pennsylvania to the PPP. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute \$1,318,901 to the plan for the year 2012. The Township contributed \$479,199 of Commonwealth State Aid, and an additional \$839,702 to the plan for 2011 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 (RSI) following the notes to the financial statements.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Pension Plans, continued

Annual Pension Cost

The Township's annual pension cost ("APC") for the PPP for the year ended December 31, 2012 is as follows:

Annual Required Contribution (ARC)	\$	1,318,901
Interest on net pension obligation		-
Adjustment to ARC		-
Annual pension cost		1,318,901
Contributions made		(1,318,901)
Increase in net pension obligation		-
Net pension obligation, end of year	\$	-

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$ 1,570,253	100%	\$ -
12/31/2011	1,313,893	100%	-
12/31/2012	1,318,901	100%	-

Funding Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 65.3% funded. The actuarial accrued liability for benefits was \$34,284,190 and the actuarial value of assets was \$22,390,328, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,893,862. The covered payroll (annual payroll of active employees covered by the plan) was \$4,712,541, and the ratio of the UAAL to the covered payroll was 252.4%. The schedule of funding progress, presented in the RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Pension Plans, continued

Actuarial Methods and Assumptions

Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry Age Normal
Asset valuation method	5 year smoothing
Amortization method	Level Dollar, Open
Remaining amortization period	20 Years
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Inflation rate	3%

Non Uniform Pension Plan (NUPP)

Plan Description

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

Summary of Significant Accounting Policies

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

Contributions and Funding Policy

The contribution requirements of the Township are established and may be amended by the Board of Supervisors. Plan members are not required to contribute. The Township is required to contribute at a determined rate, which is currently 5% of annual covered payroll. The township contributed \$101,404 for the year ending December 31, 2012.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWNSHIP OF FALLS

POLICE PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED DECEMBER 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2007	\$ 20,637,237	\$ 26,899,937	\$ 6,262,700	76.7%	\$ 3,828,056	163.6%
January 1, 2009	\$ 19,719,896	\$ 29,828,997	\$ 10,109,101	66.1%	\$ 4,190,968	241.2%
January 1, 2011	\$ 22,390,328	\$ 34,284,190	\$ 11,893,862	65.3%	\$ 4,712,541	252.4%

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

TOWNSHIP OF FALLS

OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED DECEMBER 31, 2012

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

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SUPPLEMENTARY INFORMATION

TOWNSHIP OF FALLS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fire Hydrant Fund – This fund is used to account for the revenue derived from a .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 Fallsington library.

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

Parks and Recreation Fund – This fund is used to account for revenue derived from a 1.26 mill real estate tax levy that is restricted to the development of programs that are recreational in nature – such as maintenance of Township parks, Community Youth Association, the Senior Citizen's Association, Township committees, parades and civic events.

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

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

TOWNSHIP OF FALLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Special Revenue										Total Nonmajor Governmental Funds
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention	Total	
ASSETS											
Cash and cash equivalents	\$ 13,361	\$ 388,565	\$ 14,358	\$ 1,226	\$ 220	\$ 446,108	\$ 155,634	\$ 7,193	\$ 147,435	\$ 1,152,549	
Taxes receivable	3,157	38,610		17,978	2,014		18,098			62,798	
Interfund receivable										38,610	
TOTAL ASSETS	\$ 16,518	\$ 427,175	\$ 14,358	\$ 19,204	\$ 2,234	\$ 446,108	\$ 173,732	\$ 7,193	\$ 147,435	\$ 1,253,957	
LIABILITIES											
Accounts payable	\$ 16,555	\$ 14,721	\$ 14,721	\$ 921	\$ 921	\$ 921	\$ 10,059	\$ 565	\$ 1,905	\$ 44,161	
Interfund payable			111,507				250			112,072	
Deposits							25,888		3,697	29,585	
Salaries and benefits payable											
TOTAL LIABILITIES	16,555	-	126,228	921	-	-	36,197	565	5,602	186,068	
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - real estate taxes	2,918		13,272	16,620	1,862		16,730	6,650		58,052	
TOTAL DEFERRED INFLOWS OF RESOURCES	2,918	-	13,272	16,620	1,862	-	16,730	6,650	-	58,052	
FUND BALANCES											
Restricted for:											
Culture and recreation				1,663			120,805			120,805	
Fire protection					372					1,663	
Library support						446,108				372	
Recycling expenditures										446,108	
Highway aid		427,175							141,833	427,175	
Drug prevention			(125,142)					(22)		141,833	
Unassigned	(2,955)		(125,142)							(128,119)	
TOTAL FUND BALANCES (DEFICITS)	(2,955)	427,175	(125,142)	1,663	372	446,108	120,805	(22)	141,833	1,009,837	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,518	\$ 427,175	\$ 14,358	\$ 19,204	\$ 2,234	\$ 446,108	\$ 173,732	\$ 7,193	\$ 147,435	\$ 1,253,957	

TOWNSHIP OF FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue										Total Nonmajor Governmental Funds
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention		
REVENUES											
Taxes											
Property	\$ 69,134	\$ 633,435	\$ 314,241	\$ 392,801	\$ 43,995	\$ -	\$ 395,944	\$ 157,122	\$ -	\$ 1,373,237	
Motor fuel tax										633,435	
Payment in lieu of taxes	2,285		10,388	12,985	1,454		13,089	5,194		45,395	
Interest earnings	3	123	4	17	1	165	289	7		609	
Rents							13,137			13,137	
Intergovernmental				246,147			174,219			246,147	
Charges for services							32			174,219	
Contributions and donations									32,650	32,682	
TOTAL REVENUES	71,422	633,558	324,633	651,950	45,450	165	596,710	162,323	32,650	2,518,861	
EXPENDITURES											
Current											
Public safety	76,961		386,467	645,711				162,480	230,013	1,115,165	
Public works - highways and streets		446,955			45,000		959,866			833,422	
Culture and recreation										1,004,866	
Capital outlay		50,000	25,466							75,466	
Public works - highways and streets		496,955	411,933	645,711	45,000	-	959,866	162,480	230,013	3,028,919	
TOTAL EXPENDITURES	76,961	496,955	411,933	645,711	45,000	-	959,866	162,480	230,013	3,028,919	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,539)	136,603	(87,300)	6,239	450	165	(363,156)	(157)	(197,363)	(510,058)	
OTHER FINANCING SOURCES (USES)											
Transfers in	7,500		16,000		(1,000)		150,000		315,000	488,500	
Transfers out										(1,000)	
TOTAL OTHER FINANCING SOURCES (USES)	7,500	-	16,000	-	(1,000)	-	150,000	-	315,000	487,500	
NET CHANGES IN FUND BALANCES	1,961	136,603	(71,300)	6,239	(550)	165	(213,156)	(157)	117,637	(22,558)	
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	(4,916)	290,572	(53,842)	(4,576)	922	445,943	333,961	135	24,196	1,032,395	
FUND BALANCES (DEFICITS), END OF YEAR	\$ (2,955)	\$ 427,175	\$ (125,142)	\$ 1,663	\$ 372	\$ 446,108	\$ 120,805	\$ (22)	\$ 141,833	\$ 1,009,837	

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE HYDRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 71,933	\$ 71,933	\$ 69,134	\$ (2,799)
Payment in lieu of taxes	2,285	2,285	2,285	-
Interest earnings	75	75	3	(72)
TOTAL REVENUES	74,293	74,293	71,422	(2,871)
EXPENDITURES				
Current				
Public safety	77,000	77,000	76,961	39
TOTAL EXPENDITURES	77,000	77,000	76,961	39
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,707)	(2,707)	(5,539)	(2,832)
OTHER FINANCING SOURCES (USES)				
Transfer in	7,500	7,500	7,500	-
TOTAL OTHER FINANCING SOURCES (USES)	7,500	7,500	7,500	-
NET INCREASE (DECREASE) IN FUND BALANCE	4,793	4,793	1,961	(2,832)
FUND BALANCE (DEFICIT), BEGINNING	(4,916)	(4,916)	(4,916)	-
FUND BALANCE (DEFICIT), ENDING	\$ (123)	\$ (123)	\$ (2,955)	\$ (2,832)

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HIGHWAY AID SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor fuel tax	\$ 633,000	\$ 633,000	\$ 633,435	\$ 435
Interest earnings	500	500	123	(377)
TOTAL REVENUES	<u>633,500</u>	<u>633,500</u>	<u>633,558</u>	<u>58</u>
EXPENDITURES				
Current				
Public works - highways and streets	792,245	792,245	446,955	345,290
Capital outlay				
Public works - highways and streets	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>842,245</u>	<u>842,245</u>	<u>496,955</u>	<u>345,290</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(208,745)	(208,745)	136,603	345,348
FUND BALANCE (DEFICIT), BEGINNING	<u>290,572</u>	<u>290,572</u>	<u>290,572</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 81,827</u>	<u>\$ 81,827</u>	<u>\$ 427,175</u>	<u>\$ 345,348</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STREET LIGHTING SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 327,515	\$ 327,515	\$ 314,241	\$ (13,274)
Payment in lieu of taxes	10,388	10,388	10,388	-
Interest earnings	100	100	4	(96)
TOTAL REVENUES	<u>338,003</u>	<u>338,003</u>	<u>324,633</u>	<u>(13,370)</u>
EXPENDITURES				
Current				
Public works - highways and streets	330,000	330,000	386,467	(56,467)
Capital outlay				
Public works - highways and streets	25,000	25,000	25,466	(466)
TOTAL EXPENDITURES	<u>355,000</u>	<u>355,000</u>	<u>411,933</u>	<u>(56,933)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,997)</u>	<u>(16,997)</u>	<u>(87,300)</u>	<u>(70,303)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	16,000	16,000	16,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(997)	(997)	(71,300)	(70,303)
FUND BALANCE (DEFICIT), BEGINNING	<u>(53,842)</u>	<u>(53,842)</u>	<u>(53,842)</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (54,839)</u>	<u>\$ (54,839)</u>	<u>\$ (125,142)</u>	<u>\$ (70,303)</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<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	\$ 409,369	\$ 409,369	\$ 392,801	\$ (16,568)
Payment in lieu of taxes	12,983	12,983	12,985	2
Intergovernmental	300,000	300,000	246,147	(53,853)
Interest earnings	100	100	17	(83)
TOTAL REVENUES	<u>722,452</u>	<u>722,452</u>	<u>651,950</u>	<u>(70,502)</u>
EXPENDITURES				
Current				
Public Safety	697,000	697,000	645,711	51,289
TOTAL EXPENDITURES	<u>697,000</u>	<u>697,000</u>	<u>645,711</u>	<u>51,289</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,452</u>	<u>25,452</u>	<u>6,239</u>	<u>(19,213)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,000)	(26,000)	-	26,000
NET INCREASE (DECREASE) IN FUND BALANCE	(548)	(548)	6,239	6,787
FUND BALANCE (DEFICIT), BEGINNING	(4,576)	(4,576)	(4,576)	-
FUND BALANCE (DEFICIT), ENDING	<u>\$ (5,124)</u>	<u>\$ (5,124)</u>	<u>\$ 1,663</u>	<u>\$ 6,787</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LIBRARY SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 46,137	\$ 46,137	\$ 43,995	\$ (2,142)
Payment in lieu of taxes	1,454	1,454	1,454	-
Interest earnings	30	30	1	(29)
TOTAL REVENUES	47,621	47,621	45,450	(2,171)
EXPENDITURES				
Current				
Culture and recreation	45,000	45,000	45,000	-
TOTAL EXPENDITURES	45,000	45,000	45,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,621	2,621	450	(2,171)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(1,000)	-
NET INCREASE (DECREASE) IN FUND BALANCE	1,621	1,621	(550)	(2,171)
FUND BALANCE, BEGINNING	922	922	922	-
FUND BALANCE, ENDING	\$ 2,543	\$ 2,543	\$ 372	\$ (2,171)

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PARK AND RECREATION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	<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	\$ 412,609	\$ 412,609	\$ 395,944	\$ (16,665)
Payment in lieu of taxes	13,089	13,089	13,089	-
Rents	13,400	13,400	13,137	(263)
Charges for services	192,500	192,500	174,219	(18,281)
Interest earnings	375	375	289	(86)
Contributions and donations	-	-	32	32
TOTAL REVENUES	<u>631,973</u>	<u>631,973</u>	<u>596,710</u>	<u>(35,263)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>947,686</u>	<u>947,686</u>	<u>959,866</u>	<u>(12,180)</u>
TOTAL EXPENDITURES	<u>947,686</u>	<u>947,686</u>	<u>959,866</u>	<u>(12,180)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(315,713)</u>	<u>(315,713)</u>	<u>(363,156)</u>	<u>(47,443)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>(165,713)</u>	<u>(165,713)</u>	<u>(213,156)</u>	<u>(47,443)</u>
FUND BALANCE, BEGINNING	<u>333,961</u>	<u>333,961</u>	<u>333,961</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 168,248</u>	<u>\$ 168,248</u>	<u>\$ 120,805</u>	<u>\$ (47,443)</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RESCUE SQUAD SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 164,757	\$ 164,757	\$ 157,122	\$ (7,635)
Payment in lieu of taxes	5,194	5,194	5,194	-
Interest earnings	75	75	7	(68)
TOTAL REVENUES	<u>170,026</u>	<u>170,026</u>	<u>162,323</u>	<u>(7,703)</u>
EXPENDITURES				
Current				
Public safety	169,600	169,600	162,480	7,120
TOTAL EXPENDITURES	<u>169,600</u>	<u>169,600</u>	<u>162,480</u>	<u>7,120</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>426</u>	<u>426</u>	<u>(157)</u>	<u>(583)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>135</u>	<u>135</u>	<u>135</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 561</u>	<u>\$ 561</u>	<u>\$ (22)</u>	<u>\$ (583)</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CRIME PREVENTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<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	\$ 75	\$ 75	\$ -	\$ (75)
Contributions and donations	22,000	22,000	32,650	10,650
TOTAL REVENUES	<u>22,075</u>	<u>22,075</u>	<u>32,650</u>	<u>10,575</u>
EXPENDITURES				
Current				
Public safety	350,164	350,164	230,013	120,151
TOTAL EXPENDITURES	<u>350,164</u>	<u>350,164</u>	<u>230,013</u>	<u>120,151</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(328,089)</u>	<u>(328,089)</u>	<u>(197,363)</u>	<u>130,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	315,000	315,000	315,000	-
NET INCREASE (DECREASE) IN FUND BALANCE	(13,089)	(13,089)	117,637	130,726
FUND BALANCE (DEFICIT), BEGINNING	<u>24,196</u>	<u>24,196</u>	<u>24,196</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 11,107</u>	<u>\$ 11,107</u>	<u>\$ 141,833</u>	<u>\$ 130,726</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2012

	<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	\$ 100,000	\$ 100,000	\$ 6,314	\$ (93,686)
Intergovernmental	-	-	-	-
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>6,314</u>	<u>(93,686)</u>
EXPENDITURES				
Current				
General Government	49,336	49,336	64,821	(15,485)
Capital Outlay				
General Government	50,000	50,000	-	50,000
Public works - highways and streets	90,000	90,000	107,904	(17,904)
TOTAL EXPENDITURES	<u>189,336</u>	<u>189,336</u>	<u>172,725</u>	<u>16,611</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(89,336)</u>	<u>(89,336)</u>	<u>(166,411)</u>	<u>(77,075)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,820,000)	(9,820,000)	(8,820,000)	1,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,820,000)</u>	<u>(9,820,000)</u>	<u>(8,820,000)</u>	<u>1,000,000</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(9,909,336)	(9,909,336)	(8,986,411)	922,925
FUND BALANCE, BEGINNING	<u>16,576,441</u>	<u>16,576,441</u>	<u>16,576,441</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6,667,105</u>	<u>\$ 6,667,105</u>	<u>\$ 7,590,030</u>	<u>\$ 922,925</u>

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Fiduciary Funds

Combining Financial Statements

Pension Trust Funds

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

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

Schedule of Changes in Assets and Liabilities

Agency Fund

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

TOWNSHIP OF FALLS

COMBINING STATEMENT OF PLAN NET POSITION

ALL PENSION TRUST FUNDS

DECEMBER 31, 2012

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 4,743,250	\$ 4,743,250
Receivables		134,191	134,191
Investment, at fair value			
Certificates of deposit		5,452,000	5,452,000
Common stock, mutual funds	1,518,930	10,207,638	11,726,568
TOTAL ASSETS	1,518,930	20,537,079	22,056,009
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 \$ 1,518,930	 \$ 20,537,079	 \$ 22,056,009

TOWNSHIP OF FALLS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

ALL PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Non-Uniform Pension Fund	Police Pension Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 101,404	\$ 839,702	\$ 941,106
Plan Member		246,343	246,343
Commonwealth		479,199	479,199
Total Contributions	101,404	1,565,244	1,666,648
Investment Income			
Interest		33,330	33,330
Dividend income		247,472	247,472
Net appreciation (depreciation) in fair market value of investments	110,595	1,063,365	1,173,960
Total investment income	110,595	1,344,167	1,454,762
Less: investment expenses		51,176	51,176
Net investment income	110,595	1,292,991	1,403,586
TOTAL ADDITIONS	211,999	2,858,235	3,070,234
DEDUCTIONS			
Benefits	61,174	1,857,034	1,918,208
Administrative expenses	398	-	398
Total deductions	61,572	1,857,034	1,918,606
Change in Net Position	150,427	1,001,201	1,151,628
NET POSITION BEGINNING YEAR	1,368,503	19,535,878	20,904,381
NET POSITION END OF YEAR	\$ 1,518,930	\$ 20,537,079	\$ 22,056,009

TOWNSHIP OF FALLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TOWNSHIP ESCROW SUBDIVISION FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	<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	\$ 2,150,885	\$ 256,052	\$ 306,400	\$ 2,100,537
Accounts receivable	1,704	-	-	1,704
TOTAL ASSETS	<u>\$ 2,152,589</u>	<u>\$ 256,052</u>	<u>\$ 306,400</u>	<u>\$ 2,102,241</u>
LIABILITIES				
Deposits	<u>\$ 2,152,589</u>	<u>\$ 256,052</u>	<u>\$ 306,400</u>	<u>\$ 2,102,241</u>
TOTAL LIABILITIES	<u>\$ 2,152,589</u>	<u>\$ 256,052</u>	<u>\$ 306,400</u>	<u>\$ 2,102,241</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, 2011 AND 2012

	2011	2012
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 16,460,926	\$ 16,460,926
Building	4,513,405	4,681,063
Machinery and Equipment	3,453,784	3,684,267
Improvements	13,803,375	14,404,103
Infrastructure	93,225,663	97,350,906
Vehicles	2,890,017	2,956,113
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 134,347,170	\$ 139,537,378
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,319,707	2,345,173
Capital Reserve Fund	4,471,380	4,579,284
Host Community Fees Fund	115,332,256	120,389,094
Donations	5,741,587	5,741,587
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 134,347,170	\$ 139,537,378

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

FOR THE YEAR ENDED DECEMBER 31, 2012

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Total
<u>General government:</u>							
Council				\$ 14,973			\$ 14,973
Manager				2,768			2,768
Finance and Administration		\$ 2,770,993		320,685			3,091,678
Other-unclassified		199,933		51,419			251,352
Total general government	-	2,970,926	-	389,845	-	-	3,360,771
<u>Public Safety</u>							
Police		176,991		1,092,849		\$ 1,984,108	3,253,948
Fire and Emergency				44,204		133,758	177,962
License and Inspection				46,847		59,497	106,344
Total public safety		176,991	-	1,183,900	-	2,177,363	3,538,254
<u>Highways and Streets:</u>							
Engineering		646,771		1,833,917	\$ 3,615,552		4,262,323
Maintenance						726,252	2,560,169
Street System	\$ 1,757,000				93,735,354		95,492,354
Total highways and streets	1,757,000	646,771	-	1,833,917	97,350,906	726,252	102,314,846
<u>Culture and recreation</u>							
Culture and recreation	14,703,926	886,375	\$ 14,404,103	276,605	-	52,498	30,323,507
<u>Total governmental funds capital assets</u>	\$ 16,460,926	\$ 4,681,063	\$ 14,404,103	\$ 3,684,267	\$ 97,350,906	\$ 2,956,113	\$ 139,537,378

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, 2012

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>December 31, 2012</u>
General Government				
Supervisors	\$ 29,444	\$ -	\$ -	\$ 29,444
Manager	25,913	-	-	25,913
Finance and Administration	3,010,736	-	-	3,010,736
Other-Unclassified	229,216	65,462	-	294,678
Total general government	<u>3,295,309</u>	<u>65,462</u>	<u>-</u>	<u>3,360,771</u>
Public Safety				
Police	3,065,161	229,917	41,130	3,253,948
Fire and Emergency Management	194,644	27,226	21,741	200,129
License and Inspection	87,227	19,871	22,921	84,177
Total public safety	<u>3,347,032</u>	<u>277,014</u>	<u>85,792</u>	<u>3,538,254</u>
Highway and Streets				
Engineering	4,036,204	744,391	-	4,780,595
Maintenance	2,510,516	311,922	128,900	2,693,538
Street system	91,593,231	3,247,482	-	94,840,713
Total highways and streets	<u>98,139,951</u>	<u>4,303,795</u>	<u>128,900</u>	<u>102,314,846</u>
Culture and recreation	<u>29,564,878</u>	<u>758,629</u>	<u>-</u>	<u>30,323,507</u>
Total governmental funds capital assets	<u>\$ 134,347,170</u>	<u>\$ 5,404,900</u>	<u>\$ 214,692</u>	<u>\$ 139,537,378</u>

STATISTICAL SECTION

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

Statistical Section

This part of the Falls Township Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

Contents

Financial trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operating information

These schedules contain service and miscellaneous data to help the reader understand how the information in the Township's financial report relates to the service the Township provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWNSHIP OF FALLS
Net Position by Components
Last Ten Fiscal Years

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Net position, invested in capital assets	\$ 89,871,750	\$ 88,258,738	\$ 85,897,168	\$ 86,400,724	\$ 78,869,984	\$ 74,447,001	\$ 75,381,478	\$ 74,700,662	\$ 71,835,634	\$ 71,874,776
Restricted	1,137,956	1,095,729	654,164	5,993,448	11,198,559	11,479,422	4,131,662	3,921,225	3,989,335	4,041,277
Unrestricted	47,395,896	51,228,521	55,368,230	51,556,593	53,721,633	58,458,352	41,815,006	39,116,207	39,288,271	33,948,786
Total governmental activities net position	\$ 138,405,602	\$ 140,580,988	\$ 141,917,562	\$ 143,950,765	\$ 143,790,176	\$ 144,384,775	\$ 121,128,136	\$ 117,738,094	\$ 115,113,440	\$ 109,864,839
Business-type activities										
Net position, invested in capital assets	\$ 176,511	\$ 178,484	\$ 180,457	\$ 162,700	\$ 162,700	\$ 146,486	\$ 130,210	\$ 10,787,336	\$ 8,838,326	\$ 10,225,170
Restricted	-	(155,563)	(258,693)	(253,056)	(171,955)	(111,862)	647,533	644,983	643,552	630,707
Unrestricted	(203,530)	(155,563)	(258,693)	(253,056)	(171,955)	(111,862)	20,311,052	8,853,492	8,948,855	8,296,516
Total business-type activities net position	\$ (27,019)	\$ 22,921	\$ (78,236)	\$ (90,356)	\$ (9,255)	\$ 34,524	\$ 21,086,795	\$ 20,285,811	\$ 18,428,733	\$ 19,162,393
Primary government										
Net position, invested in capital assets	\$ 90,048,261	\$ 88,437,222	\$ 86,077,625	\$ 86,563,424	\$ 78,032,684	\$ 74,593,487	\$ 75,511,688	\$ 85,487,998	\$ 80,671,960	\$ 82,099,946
Restricted	1,137,956	1,095,729	654,164	5,993,448	11,198,559	11,479,422	4,779,185	4,566,208	4,633,087	4,671,984
Unrestricted	47,182,366	51,070,958	55,107,537	51,303,537	53,549,678	58,346,390	61,526,058	47,969,699	48,237,126	42,245,302
Total primary government net position	\$ 138,378,583	\$ 140,603,909	\$ 141,839,326	\$ 143,860,409	\$ 143,780,921	\$ 144,419,299	\$ 142,216,931	\$ 138,023,905	\$ 133,542,173	\$ 129,017,232

Source: Falls Township records

TOWNSHIP OF FALLS
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities										
General government	\$ 2,415,703	\$ 2,240,103	\$ 2,139,446	\$ 1,820,889	\$ 3,532,145	\$ 1,907,185	\$ 1,824,208	\$ 1,868,348	\$ 1,922,288	\$ 1,825,223
Public safety	14,588,506	14,122,814	13,656,438	12,209,438	11,834,328	10,786,841	10,377,900	9,400,156	9,177,838	8,641,218
Public works - highways and streets	5,530,481	5,289,057	5,078,350	4,808,901	4,520,005	4,141,085	4,063,823	3,649,827	3,798,113	5,756,125
Culture and recreation	1,937,690	1,782,852	1,477,633	1,393,156	1,372,976	1,254,797	1,153,181	1,671,044	2,099,456	1,484,158
Debt services interest	-	-	168,129	102,594	-	53,091	1,284	-	-	-
Total governmental activities expenses	<u>24,372,380</u>	<u>23,434,826</u>	<u>22,351,867</u>	<u>20,334,978</u>	<u>21,427,583</u>	<u>19,142,999</u>	<u>17,420,396</u>	<u>16,589,375</u>	<u>16,987,695</u>	<u>17,706,724</u>
Business-type activities										
Water	-	-	-	-	-	235,903	2,776,859	2,773,620	2,749,692	2,640,798
Sewer	-	-	-	-	-	231,348	3,091,923	3,027,368	3,326,295	2,785,296
Pinewood Pool	226,079	215,588	198,378	195,939	190,687	182,840	183,141	172,441	215,119	24,307
Total business-type activities expenses	<u>226,079</u>	<u>215,588</u>	<u>198,378</u>	<u>195,939</u>	<u>190,687</u>	<u>659,791</u>	<u>6,031,923</u>	<u>5,973,429</u>	<u>6,281,096</u>	<u>5,450,341</u>
Total primary government expenses	<u>\$ 24,598,459</u>	<u>\$ 23,650,424</u>	<u>\$ 22,550,245</u>	<u>\$ 20,530,917</u>	<u>\$ 21,618,270</u>	<u>\$ 19,802,790</u>	<u>\$ 23,452,319</u>	<u>\$ 22,562,804</u>	<u>\$ 23,268,791</u>	<u>\$ 23,157,065</u>
Program revenues										
Governmental activities										
Charges for services	\$ 953,299	\$ 945,872	\$ 911,525	\$ 713,199	\$ 971,180	\$ 1,150,847	\$ 1,287,467	\$ 1,267,533	\$ 1,096,593	\$ 2,464,934
General government	1,496,699	1,431,035	1,194,309	1,581,276	1,806,185	1,952,591	2,253,651	2,281,760	2,047,587	107,881
Public safety	59,570	38,004	50,025	183,665	54,018	176,171	16,066	69,057	9,407	542,747
Public works - highways and streets	174,219	180,091	153,921	155,546	173,908	156,120	902,232	131,292	104,910	64,101
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
General government	579,781	867,321	514,492	501,355	501,659	517,199	489,879	377,401	476,721	432,289
Public safety	278,797	467,220	328,894	303,048	338,679	320,010	305,123	309,937	389,201	329,911
Public works - highways and streets	864,175	645,539	959,143	643,554	592,683	683,726	818,839	546,033	537,273	569,685
Culture and recreation	32	-	2,500	5,085	8,410	-	-	-	-	-
Total governmental activities program revenues	<u>4,406,572</u>	<u>4,575,082</u>	<u>4,114,909</u>	<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	-	-	-	-	-	99,127	2,642,232	2,756,786	2,623,248	2,101,904
Water	-	-	-	-	-	11,849	3,557,819	3,377,887	2,716,138	2,621,789
Sewer	-	-	-	-	-	131,196	130,005	135,339	150,713	50
Pinewood Pool	176,139	186,755	140,498	114,838	135,695	242,172	6,330,056	8,270,012	5,490,099	4,723,743
Total business-type activities program revenues	<u>176,139</u>	<u>186,755</u>	<u>140,498</u>	<u>114,838</u>	<u>135,695</u>	<u>242,172</u>	<u>6,330,056</u>	<u>8,270,012</u>	<u>5,490,099</u>	<u>4,723,743</u>
Total primary government program revenues	<u>\$ 4,582,711</u>	<u>\$ 4,741,837</u>	<u>\$ 4,255,307</u>	<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>
Net (Expense)/Revenue										
Governmental activities	\$ (19,965,906)	\$ (18,959,744)	\$ (18,237,058)	\$ (16,288,252)	\$ (17,180,861)	\$ (13,186,335)	\$ (11,347,139)	\$ (11,526,362)	\$ (12,336,023)	\$ (13,195,176)
Business-type activities	(49,940)	(48,843)	(57,880)	(81,101)	(54,982)	(417,619)	298,133	296,583	(800,997)	(726,598)
Total primary government net expense	<u>\$ (20,015,746)</u>	<u>\$ (18,908,587)</u>	<u>\$ (18,294,938)</u>	<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>

Fiscal Year

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net position										
Governmental activities										
Property taxes, levied for general purposes	\$ 2,274,528	\$ 2,279,128	\$ 2,280,482	\$ 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	582,059	361,953	323,164	531,353	686,834	776,951	1,277,361	790,944	736,018	501,282
Local Services taxes	371,546	376,399	402,011	393,200	389,125	-	-	-	-	-
Emergency Municipal Services taxes	-	-	-	-	-	635,217	509,277	210,960	-	-
Occupational Privilege tax	-	-	-	-	-	-	-	-	180,397	182,242
Mechanical device tax	33,583	36,372	32,513	23,778	23,207	26,432	29,325	27,861	28,528	24,793
Other taxes	14,328	12,938	13,539	14,109	13,907	15,213	14,834	16,642	12,424	-
Payment in lieu of taxes	75,459	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-	-
Contributions not restricted to specific programs	14,104,136	13,179,521	11,979,130	11,617,345	10,286,608	8,323,221	8,209,904	8,974,871	11,550,853	17,615,290
Investment earnings	288,455	958,489	1,113,180	1,273,281	2,647,142	2,891,638	1,999,579	991,172	426,726	454,208
Contributions/donations	-	-	-	-	-	14,511	20,453	29,316	51,623	100,923
Miscellaneous revenues	46,327	529,619	54,826	179,229	154,257	78,743	132,683	170,734	389,812	684,661
Gain / Loss on sale of capital assets	-	(150,000)	-	-	(11,213)	(23,677)	1,335	349,050	13,722	(35,471)
Transfers	-	-	(70,000)	-	(11,213)	21,138,268	(11,276)	27,724	73,724	24,124
Total governmental activities	17,790,422	17,659,419	16,203,855	16,428,841	16,592,229	36,442,974	14,737,181	14,151,016	15,980,632	22,157,515
Business-type activities										
Investment earnings	-	-	-	-	-	501,616	442,774	237,828	126,137	117,505
Capital contributions	-	-	-	-	-	-	50,801	1,350,391	-	70,000
Transfers	-	150,000	70,000	-	11,213	(21,138,268)	(11,276)	(27,724)	(73,724)	(24,124)
Total business-type activities	-	150,000	70,000	-	11,213	(20,636,652)	504,851	1,560,495	54,413	163,381
Total primary government	\$ 17,790,422	\$ 17,809,419	\$ 16,273,855	\$ 16,428,841	\$ 16,603,442	\$ 15,806,322	\$ 15,242,032	\$ 15,711,511	\$ 16,035,045	\$ 22,320,896
Change in net position										
Governmental activities	\$ (2,175,386)	\$ (1,200,325)	\$ (2,033,203)	\$ 160,589	\$ (588,632)	\$ 23,256,639	\$ 3,390,042	\$ 2,624,654	\$ 3,644,609	\$ 8,962,339
Business-type activities	(49,940)	101,157	12,120	(81,101)	(43,779)	(21,054,271)	802,984	1,857,078	(746,584)	(563,217)
Total primary government	\$ (2,225,326)	\$ (1,099,168)	\$ (2,021,083)	\$ 79,488	\$ (632,411)	\$ 2,202,368	\$ 4,193,026	\$ 4,481,732	\$ 2,898,025	\$ 8,399,122

Source: Falls Township records

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable:										
Prepaid items	\$ 204,163	\$ 169,290								
Assigned to:										
Capital Projects	17,326,670	10,520,582								
Subsequent year's budget	9,926,276	818,577								
Unassigned	14,616,130	24,783,566								
Unreserved			\$ 1,224,634	\$ 1,182,347	\$ (168,386)	\$ (182,733)	\$ (279,367)	\$ 2,205	\$ (340,332)	\$ 372,148
Reserved			175,009	109,817	172,148	189,767	174,350	176,056	-	-
Total General fund	\$ 42,073,239	\$ 36,292,015	\$ 1,399,643	\$ 1,292,164	\$ 3,762	\$ 1,034	\$ (105,037)	\$ 178,261	\$ (340,332)	\$ 372,148
All other governmental funds										
Restricted for:										
Culture and recreation	\$ 120,805	\$ 333,961								
Fire protection	1,663	-								
Library support	372	922								
Rescue squad services	-	135								
Recycling expenditures	446,108	445,943								
Highway aid	427,175	290,572								
Drug prevention	141,833	24,196								
Assigned to:										
Capital projects	7,590,030	16,576,441								
Unassigned	(128,119)	(63,334)								
Unreserved, reported in:										
Special revenue funds	\$ 38,871,974	\$ 34,903,155	\$ 42,223,263	\$ 42,223,263	\$ 45,614,258	\$ 45,614,258	\$ 42,510,983	\$ 40,324,763	\$ 40,893,901	\$ 34,874,588
Permanent funds	65,642	65,557	65,394	65,394	65,394	65,394	-	-	-	-
Capital projects funds	111,729	5,261,072	10,367,764	10,367,764	10,492,506	10,492,506	3,092,635	2,939,735	2,946,911	2,946,622
Reserved, reported in:										
Capital projects funds	16,795,212	16,795,212	16,878,212	16,878,212	16,879,081	16,879,081	-	-	-	-
Total all other governmental funds	\$ 8,599,867	\$ 17,608,836	\$ 55,844,557	\$ 57,024,996	\$ 69,534,653	\$ 72,985,845	\$ 45,603,618	\$ 43,264,498	\$ 43,840,812	\$ 37,821,210
Total Governmental Funds	\$ 50,673,106	\$ 53,900,851	\$ 57,244,200	\$ 58,317,160	\$ 69,538,415	\$ 72,986,879	\$ 45,498,581	\$ 43,442,759	\$ 43,500,480	\$ 38,193,358

Note: GASB Statement No. 54 has been implemented prospectively beginning in the 2011 year and the prior years have not been restated.

Source: Falls Township records

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes										
Property	\$ 2,268,828	\$ 2,279,211	\$ 2,269,754	\$ 2,321,546	\$ 2,312,152	\$ 2,480,393	\$ 2,523,820	\$ 2,478,146	\$ 2,523,300	\$ 2,643,091
Real estate transfer	582,059	361,953	323,164	531,353	686,834	776,351	1,277,361	790,944	736,018	501,282
Local Services tax	371,209	376,414	401,538	407,309	395,037	623,804	509,277	210,960	-	-
Emergency municipal services	-	-	-	-	-	-	-	-	-	-
Occupational Privilege tax	-	-	-	-	-	-	-	-	180,397	182,242
Mechanical device	33,583	36,372	32,513	23,778	23,207	26,432	29,325	27,881	28,528	24,793
Motor Fuel tax	633,435	633,393	620,034	643,554	669,559	605,850	585,839	546,033	532,462	520,806
Payment in lieu of taxes	75,459	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-	-
Host Community fees	14,104,136	13,079,521	11,529,130	11,067,346	9,749,608	7,773,222	8,209,904	8,974,871	11,550,853	17,615,290
Licenses and permits	797,257	749,112	737,645	651,484	630,848	599,457	899,336	871,825	806,953	-
Fines and forfeits	186,362	162,229	204,078	202,820	210,517	218,614	225,914	265,215	259,842	-
Investment earnings	288,457	1,210,431	1,223,805	1,163,901	2,647,141	2,638,452	1,999,581	991,172	426,726	454,208
Rents	98,081	135,933	81,190	166,526	203,061	396,594	406,296	278,778	246,629	215,943
Intergovernmental	1,070,995	1,327,844	1,163,164	761,887	801,925	807,606	951,955	678,711	883,453	811,079
Charges for services	1,627,068	1,711,050	1,939,089	2,134,991	2,340,809	2,612,743	2,158,850	2,471,310	2,247,167	2,636,916
Contributions and donations	33,588	33,035	38,510	47,600	71,989	63,998	73,920	29,316	51,623	643,670
Refunds of prior years	34,101	30,278	26,646	94,471	86,752	1,994	56,450	1,994	85,402	-
Miscellaneous	-	115	1,946	9,428	3,193	178	112,610	136,523	-	468,718
Total revenue	22,204,618	22,201,891	20,667,206	20,208,523	20,915,351	19,765,446	20,095,438	18,828,679	20,563,353	26,718,038
Expenditures										
Current										
General government	2,283,123	2,091,505	1,992,847	2,470,190	1,740,389	1,838,680	1,702,810	1,690,097	1,708,869	1,729,340
Public safety	13,802,918	13,315,051	13,271,102	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	2,905,706	2,830,061	2,620,414	2,437,359	2,383,332	2,296,124	1,969,486	1,696,079	1,974,028	1,603,938
Culture and recreation	1,046,577	1,055,873	903,860	884,786	794,497	740,625	634,206	599,702	1,086,594	369,011
Miscellaneous	-	-	-	-	-	-	-	4,466	-	147
Capital outlay	65,462	185,890	23,241	92,992	120,767	20,791	6,678	44,499	-	-
General government	277,014	307,440	325,579	296,309	223,162	238,450	313,945	366,052	262,294	187,631
Public safety	4,303,795	3,932,673	1,823,288	10,142,639	6,304,675	1,382,535	2,472,064	5,388,866	1,037,178	7,158,821
Highways and streets	758,629	1,554,258	710,658	181,370	826,117	271,719	832,214	387,950	351,980	3,363,766
Culture and recreation	-	-	-	3,055,000	542,056	47,453	10,392	11,676	-	-
Debt service principal	-	-	-	102,594	121,298	661	1,284	-	-	-
Debt service interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	25,443,224	25,272,761	21,670,989	31,433,053	24,347,565	17,416,469	18,029,675	19,298,257	15,387,648	22,628,863
Excess of revenues over/(under) expenditures	(3,238,606)	(3,070,870)	(1,003,783)	(11,224,530)	(3,432,214)	2,368,977	2,065,763	(469,578)	5,175,705	4,089,175

Fiscal Year

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other financing sources(uses)										
Transfer in	9,309,500	463,700	12,590,837	10,336,951	7,345,097	26,762,798	4,678,733	4,552,920	5,963,800	4,529,566
Transfer out	(9,309,500)	(613,700)	(12,660,837)	(10,336,951)	(7,356,310)	(5,624,530)	(4,690,009)	(4,525,196)	(5,890,076)	(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	10,861	13,770	823	3,274	930	15,244	1,335	351,050	18,379	9,889
Total other financing sources(uses)	10,861	(136,230)	(69,177)	3,274	(10,283)	24,349,266	(9,941)	411,857	68,225	34,013
Net change in fund balance	\$ (3,227,745)	\$ (3,207,100)	\$ (1,072,960)	\$ (11,221,256)	\$ (3,442,497)	\$ 26,718,243	\$ 2,055,822	\$ (57,721)	\$ 5,243,930	\$ 4,123,188

Debt service as a percentage of non-capital expenditures

	0.00%	0.00%	0.00%	15.24%	3.93%	0.31%	0.08%	0.09%	0.00%	0.00%
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Source: Falls Township records

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

Year ending December 31,	Property	Local Services	Emergency Municipal Services	Occupational Privilege	Real Estate Transfer	Mechanical Device	Total
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	2,315,362	389,125	-	-	686,834	23,207	3,414,528
2009	2,321,546	393,200	-	-	531,353	23,778	3,269,877
2010	2,280,492	402,011	-	-	323,164	32,513	3,038,180
2011	2,279,211	376,414	-	-	361,953	36,372	3,053,950
2012	2,268,828	371,209	-	-	582,059	33,583	3,255,679

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
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
2010	380,379,040	60,975,730	319,403,310	4,148,081,134	9.17%	7.22
2011	379,439,470	61,043,290	318,396,180	4,287,451,638	8.85%	7.22
2012	378,157,270	60,545,010	317,612,260	4,083,771,814	9.26%	7.22

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

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

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

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

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

<u>Year</u>	<u>Falls Township</u>			<u>Overlapping Rates</u>		<u>All Government Totals</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Township Millage</u>	<u>Bucks County Total Millage (a)</u>	<u>Pennsbury SD Total Millage (a)</u>	
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
2010	7.22	0.00	7.22	21.94	150.30	179.46
2011	7.22	0.00	7.22	23.20	150.30	180.72
2012	7.22	0.00	7.22	23.20	150.30	180.72

(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	2012			2003		
		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	1.99%	\$ 1,588,970	2	1.95%
Healey, Robert T. & William J.	Apartment	4,974,720	2	1.57%	1,252,050	4	1.54%
Pennwood Assoc. Ltd. Partnership	Mobile Home Park	4,579,320	3	1.44%	950,580	7	1.17%
National Property Investments	Apartment	4,320,000	4	1.36%	1,080,000	6	1.32%
WMI Properties	Industrial	4,001,400	5	1.26%	1,882,840	1	2.31%
K-Mart Corporation	Industrial	3,108,000	6	0.98%	947,100	8	1.16%
Bucks County Economic Development Corp.	Development	2,863,550	7	0.90%			
Wheelabrator Falls Inc.	Industrial	2,616,770	8	0.82%	1,520,860	3	1.86%
N S 200 Cabot PA LLC (General Motors Tax Staff)	Industrial	2,070,490	9	0.65%			
Penn Lake Realty Associates	Realty	1,773,600	10	0.56%	443,400	9	0.54%
United States Steel	Industrial				1,226,160	5	1.50%
JCPenney Properties, Inc.	Warehouse				330,850	10	0.41%
Totals		\$ 36,621,890		11.53%	\$ 11,222,810		13.76%

(a) Total Assessed Valuation equal to \$ 317,612,260

Source: Falls Township records

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

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2003	\$ 2,599,312	\$ 2,490,257	95.80%	\$ 108,943	\$ 2,599,200	99.996%
2004	2,557,921	2,433,877	95.15%	123,912	2,557,789	99.995%
2005	2,556,266	2,383,329	93.23%	172,805	2,556,134	99.995%
2006	2,556,269	2,434,614	95.24%	121,497	2,556,111	99.994%
2007	2,556,271	2,409,921	94.27%	146,150	2,556,071	99.992%
2008	2,336,093	2,254,217	96.50%	81,479	2,335,696	99.983%
2009	2,335,472	2,283,391	97.77%	50,230	2,333,621	99.921%
2010	2,305,916	2,215,102	96.06%	88,168	2,303,270	99.885%
2011	2,298,820	2,213,694	96.30%	59,019	2,272,713	98.864%
2012	2,293,161	2,203,440	96.09%	-	2,203,440	96.087%

Source: Falls Township Tax Collector

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

Fiscal year	Governmental activities		Business-Type activities		Total Primary government	Percentage of personal income	Per Capita	Per W/S customer
	General obligation bonds	General obligation notes	General obligation bonds	General obligation notes				
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%	-	-
2010	-	-	-	-	-	0.00%	-	-
2011	-	-	-	-	-	0.00%	-	-
2012	-	-	-	-	-	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>
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
2010	34,300	319,403,310	-	-	0.00	0.000	0
2011	33,522	318,396,180	-	-	0.00	0.000	0
2012	34,300	317,612,260	-	-	0.00	0.000	0

(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, 2012

<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)	156,830,000	35.68%	55,956,944
Bucks County (c)	<u>250,760,000</u>	3.94%	<u>9,879,944</u>
 Total - Overlapping Debt	 \$ 407,590,000		 \$ 65,836,888

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 63,223,852	\$ 58,961,672	\$ 51,937,905	\$ 46,377,600	\$ 45,679,960	\$ 47,310,563	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011
Total Net Debt applicable to limit	-	-	-	-	3,595,000	3,055,000	-	-	-	-
Legal Debt Margin	\$ 63,223,852	\$ 58,961,672	\$ 51,937,905	\$ 46,377,600	\$ 42,114,860	\$ 44,255,563	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	8%	6%	0%	0%	0%	0%

Legal Debt Margin Calculation for Year 2012

Borrowing Base Revenues: (a)	
2010	\$ 19,002,675
2011	20,388,566
2012	20,657,972
	<u>\$ 60,049,213</u>
Average Borrowing Base Revenues:	\$ 20,016,404
Debt Limit Percentage	X
	<u>250.00%</u>
Debt Limit	\$ 50,041,011
Less: Total Amount Of Debt Applicable to Debt Limit (b)	-
Legal Debt Margin	\$ 50,041,011

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

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

Source: Falls Township records

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

<u>Year</u>	<u>Gross Revenues (a)</u>	<u>Operating Expenses (b)</u>	<u>Net Revenues Available (Unavailable) for Debt Service</u>	<u>Debt Requirements</u>	<u>Coverage</u>
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
2010	-	-	-	-	0.00
2011	-	-	-	-	0.00
2012	-	-	-	-	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>
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	0.26%	4.0%
2009	34,865	N/A	11,423	35	0.31%	7.4%
2010	34,300	N/A	11,362	38	0.33%	7.2%
2011	33,522	N/A	10,967	32	0.29%	7.5%
2012	34,300	N/A	10,605	30	0.28%	6.6%

Data Sources:

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

(b) Pennsbury School District, as of 6/30/12

(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	2012			2003		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Aria Health - Bucks County Campus	Hospital	978	1	3.79%	575	4	2.57%
Pennsbury School District	Public Education	959	2	3.72%	1,336	1	5.97%
Eckerd/Rite Aid	Retail Store	535	3	2.07%	729	3	3.25%
Kmart Distribution Center	Warehouse Distribution	321	4	1.24%	750	2	3.35%
Gamesa Wind	Alternative Energy	213	5	0.83%			
Peruzzi	Auto Sales	193	6	0.75%	350	7	1.56%
Waste Management	Waste Collector	174	7	0.67%			
Home Depot	Retail Store	169	8	0.66%	388	6	1.73%
Univar	Chemicals	166	9	0.64%			
Giant Supermarkets	Grocery Store	143	10	0.55%	280	10	1.25%
Sheraton Bucks County	Hotel				317	8	1.42%
Walmart	Retail Store				485	5	2.17%
General Motors	Automobiles				294	9	1.31%
Total		3,851		14.93%	5,504		24.57%

Source: Respective Companies and Township Records

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government	11	11	11	11	11	13	16	16	16	16
Public Safety										
Police										
Officers	51	52	52	52	51	52	53	52	53	51
Civilians	7	7	7	7	7	7	7	7	7	7
Fire										
Civilians	3	3	3	3	3	3	4	4	4	4
Highway and Streets										
Maintenance	12	12	13	13	14	15	15	15	16	16
Sanitation										
Culture and Recreation	2	2	2	2	2	2	3	3	3	3
Water	4	4	4	4	0	0	0	0	0	0
Sewer	4	4	4	4	0	0	0	0	0	0
Totals	94	95	96	96	88	92	98	97	99	97

Sources: Township documents

FALLS TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Criminal Arrests	1,785	1,769	1,746	1,449	1,365	1,420	1,277	1,058	1,334	942
Parking Violations	547	374	564	432	381	211	167	296	107	125
Traffic Violations	2,998	3,043	2,703	2,544	2,340	2,080	2,012	2,076	1,283	1,403
Animal Control Investigations	368	256	293	317	333	300	326	341	326	272
Fire										
Number of calls answered	1,620	1,612	1,628	1,572	1,619	1,653	1,497	1,584	1,518	1,494
License and Inspection										
Business Licenses	1,680	1,781	1,836	1,640	1,611	1,572	1,450	1,360	1,384	1,481
Building Permits	1,784	1,825	1,550	1,801	1,753	909	593	737	747	564
Electrical Permits	2,874	3,522	3,362	2,987	2,778	763	477	332	331	430
Highways and Streets										
Road Reconstruction (lineal feet)	N/A	10,300	6,000	2,500	5,925	10,900	20,172	6,450	6,848	11,939
Culture and Recreation										
Community Park Watercraft Permits	125	143	144	140	134	177	210	180	N/A	N/A
Community Park Pavilion Rentals	77	97	109	105	83	110	94	100	99	103
Water										
Water Permits	57	121	3	15	-	-	-	-	-	-
Sewer										
Sewer Permits	104	166	3	69	-	-	-	-	-	-

Sources: Various government departments

Note: Indicators not available for Highways and Streets prior to 2004

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

FALLS TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	42	46	46	46	49	50	51	53	55	55
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	85.42	85.88	85.88	86.25	86.25	86.75	86.75	86.75	86.75	86.75
Streetlights - R	2,455	2,455	2,455	2,462	2,465	2,465	2,465	2,465	2,465	2,465
Streetlights - H	83	83	83	83	83	83	83	83	83	83
Traffic Signals	N/A	N/A	N/A	N/A	33	34	34	34	34	34
Culture and Recreation										
Parks Acreage	426.74	426.74	413.11	413.11	413.11	413.11	413.11	413.11	413.33	413.33
Parks	16	16	16	16	16	16	16	16	16	16
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains	2,105	3,605	6,389	3,290	3,290	3,290	3,290	3,290	3,290	3,290
Sewer										
Sanitary Sewers	-	-	-	-	-	-	-	-	-	-

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

TOWNSHIP OF FALLS
 Schedule of Insurance
 As of December 31, 2012

Name of Company	Policy Number	Policy Period		Type of Coverage	Liability Limits	Deductible	Annual Premium
		From	To				
Delaware Valley Insurance Trust	389280342	1/1/2012	1/1/2013	Workers Compensation	\$1M/\$1M/\$1M	\$ -	\$ 379,589
Fidelity & Deposit	POB08877912	3/1/2012	3/1/2013	Public Official Bonds for Manager and Finance Director	2,000,000	\$ -	\$ 5,838
Chartis Insurance Company	SRG9710411	1/1/2012	1/1/2013	Volunteer Accident	250,000	\$ -	\$ 2,109
Travelers Indemnity Company	630-3022R17A	6/18/2012	6/18/2013	Property	16,908,779	\$ 1,000	\$ 32,000
	630-3022R17A			Contractors Equipment	956,697	1,000	5,674
	630-3022R17A			EDP	744,742	1,000	Included
	GP09315174			General Liability	2,000,000	-	23,123
	GP09315174			Employee Benefits Liability	3,000,000	1,000	381
	630-3022R17A			Crime	As Specified	As Specified	377
	H-810-3031P575			Automobile	1,000,000	500/1000	110,638
	GE09315174			Umbrella	3,000,000	10,000	45,312
	GP09315174			Public Officials Liability & Employment Practices Liability	2,000,000	10,000	19,294
	GP09315174			Law Enforcement Liability	2,000,000	10,000	55,237
Markell/Evanston Insurance	GP09315174			Flood & Surface Water	500,000	1,000	Included
	630-3022R17A			Earthquake or Volcanic	500,000	1,000	Included
	630-3022R17A			Boiler & Machinery	Included in Property	1,000	Included
	11EIL00488	6/18/2012	6/18/2013	Pollution	500,000	\$ 10,000	\$ 4,025
Hartford Insurance Company	ETB-116037	12/14/2012	12/14/2013	Police Pension/Act 30	500,000	\$ -	\$ 9,586
	Total premium						\$

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2012

<u>Area:</u>	26.516 sq. miles
<u>Date of Incorporation:</u>	July 27, 1692
<u>Form of Government:</u>	Second Class Township
<u>Governing Body:</u>	Board of Supervisors
<u>Population:</u>	1890 - 2,463 1900 - 1,886 1910 - 1,851 1920 - 1,788 1930 - 2,004 1940 - 2,364 1950 - 3,540 1960 - 29,082 1970 - 35,850 1980 - 36,083 1990 - 34,997 2000 - 34,865 2010 - 34,300
<u>Median Age:</u>	1980 - 28.8 1990 - 33.6 2000 - 36.4 2010 - 39.1
<u>2010 Census Profile:</u>	<u>Race / Ethnicity</u> 86.5% - White 5.8% - Black or African American 0.2% - American Indian and Alaskan Native 4.2% - Asian 1.3% - Some Other Race 2.1% - Two or More Races 4.4% - Hispanic or Latino (of any race)
<u>Current Statistics:</u>	<u>Housing</u> 13.609 - Total Housing Units (in 2010) \$208,750 - Median Home Value (in 2008) \$ 888 - Median Rent (in 2008)

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2012

Park & Recreation Facilities:

- 1 Public Swimming Pool
- 16 Parks: 8 with playgrounds; others with baseball-softball fields, outdoor basketball and tennis courts, and one Challenger Field
- 1 Boat Ramp (access to Delaware River)
- 1 County Park - Lake, Pool, Golf Course
- 1 State Park

Parks & Recreation:

Acreage
323.82 acres Township Parks
138.00 acres Greenbelts / Open Space
231.09 acres County / Lake, Pool
43.00 acres State Park

Cultural & Historical Facilities:

Township - Three Arches
State - Pennsbury Manor

Street System:

86.75 Local Miles
45.60 State miles

Highways:

U.S. Route #1
Route #13
East & West Lincoln Highway

Number of Street Lights:
(All Township Owned)

2,465 Residential
83 Highway

Sanitary Sewage:

308,904 L.F. Mains (a)
Maximum Average Daily Treatment 2.406 MGD

Water:

311,162 L.F. Mains (a)
Maximum Average Daily Treatment 2.85MGD

(a) Source: Township of Falls Authority

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2012

Education:

Pennsbury School District
 11 Elementary Schools
 3 Middle Schools
 1 High Schools (East & West Campus)
 10,967 Students

Libraries:

Fallsington Library

Apartment Complexes:

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

Banks:

Bank of America
 Wells Fargo Bank
 Citizens Bank
 TD Bank

Rail:

No rail stations

Bus:

No terminal

Airfield:

No airfield

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2012

Public Utilities:

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

Newspapers:

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

Television:

KYW - Channel 3 - Philadelphia
WPHL - Channel 17 - Philadelphia
WHYY - Channel 12 - Philadelphia
WTFX - Channel 29 - Philadelphia
WPVI - Channel 6 - Philadelphia
WCAU - Channel 10 - Bala Cynwyd
Comcast Cable Company (Cable Provider)
Verizon FIOS Service (Fiber Optic Network)
Direct TV (Satellite)
Dish Network (Satellite)
Channel 22 - Government Access Channel - Comcast
Channel 40 - Government Access Channel - Verizon FIOS

Churches:

13

Hospitals:

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

Senior Housing:

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

Source: Falls Township records

