

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Report on Summarized Comparative Information

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

August 28, 2020

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

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**Falls Township
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2019**

Unaudited

As management of the Township of Falls, we offer readers of the Falls Township financial statements this narrative overview and analysis of the financial activities of Falls Township for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance.

FINANCIAL HIGHLIGHTS

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

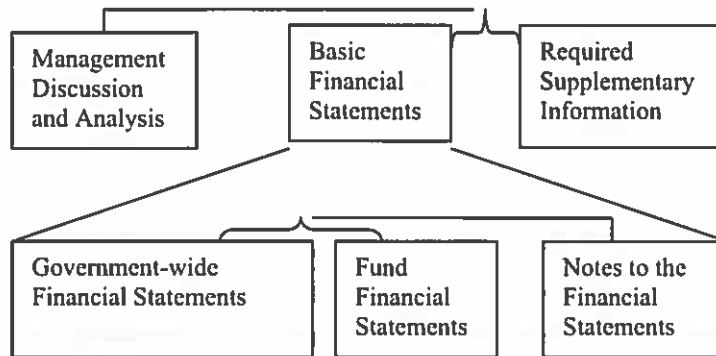
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

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

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

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

Figure 1
Required Components of
Falls Township's Financial Report



Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 76-82 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

**FALLS TOWNSHIP
NET POSITION**

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

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

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

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

CHANGES IN NET POSITION

Governmental activities

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

Business-type activities

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

The results of this year's operations as a whole are reported in the Statement of Activities on page 33. All expenses are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expense categories are netted against them to determine the final amount of the Township's activities that are supported by other general revenues, primarily Host Community Fees and Property Taxes. Basically, the Statement shows which Township expenses are funded by specific program revenues and the balance of expenses left to be funded by general revenues.

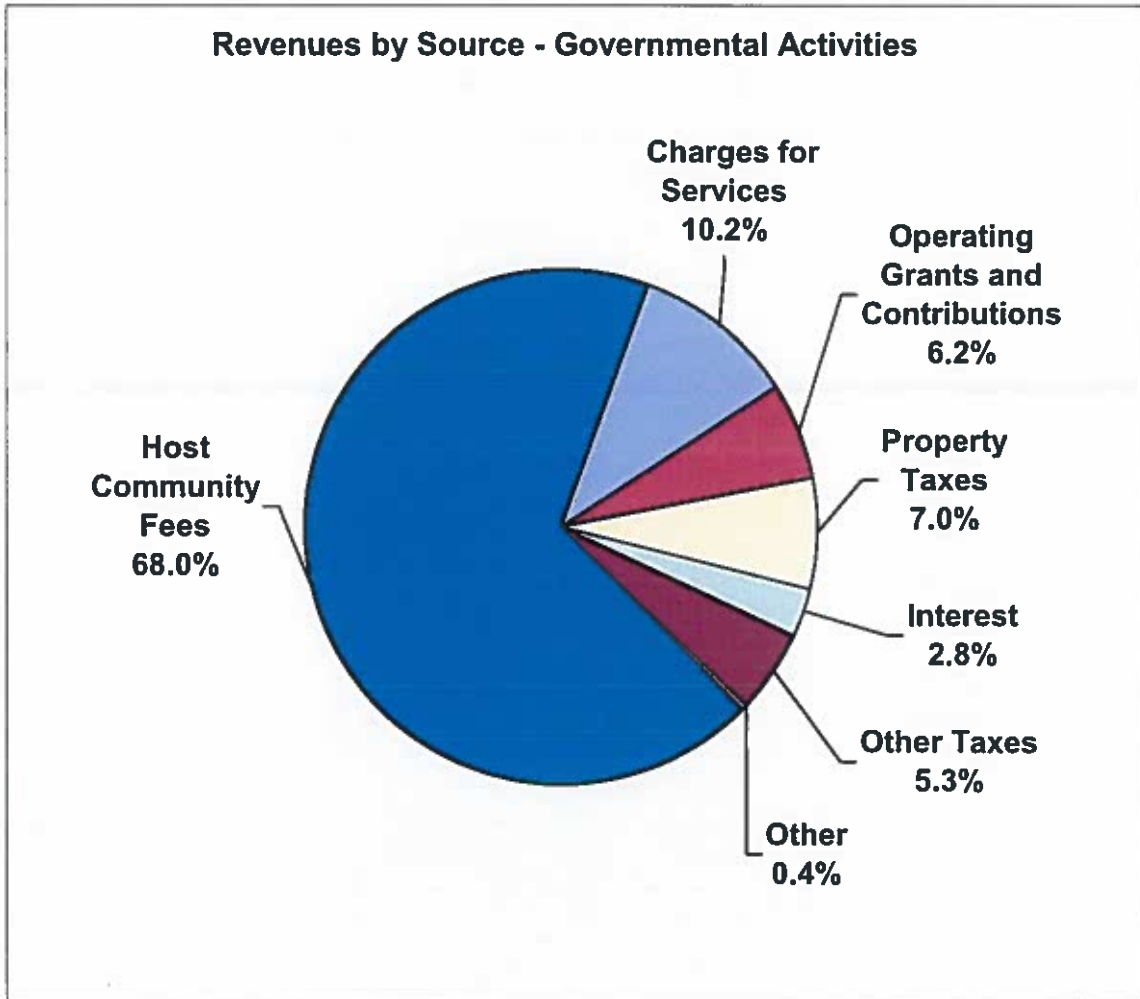
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2019 compared to the prior year's figures.

**FALLS TOWNSHIP
CHANGES IN NET POSITION**

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

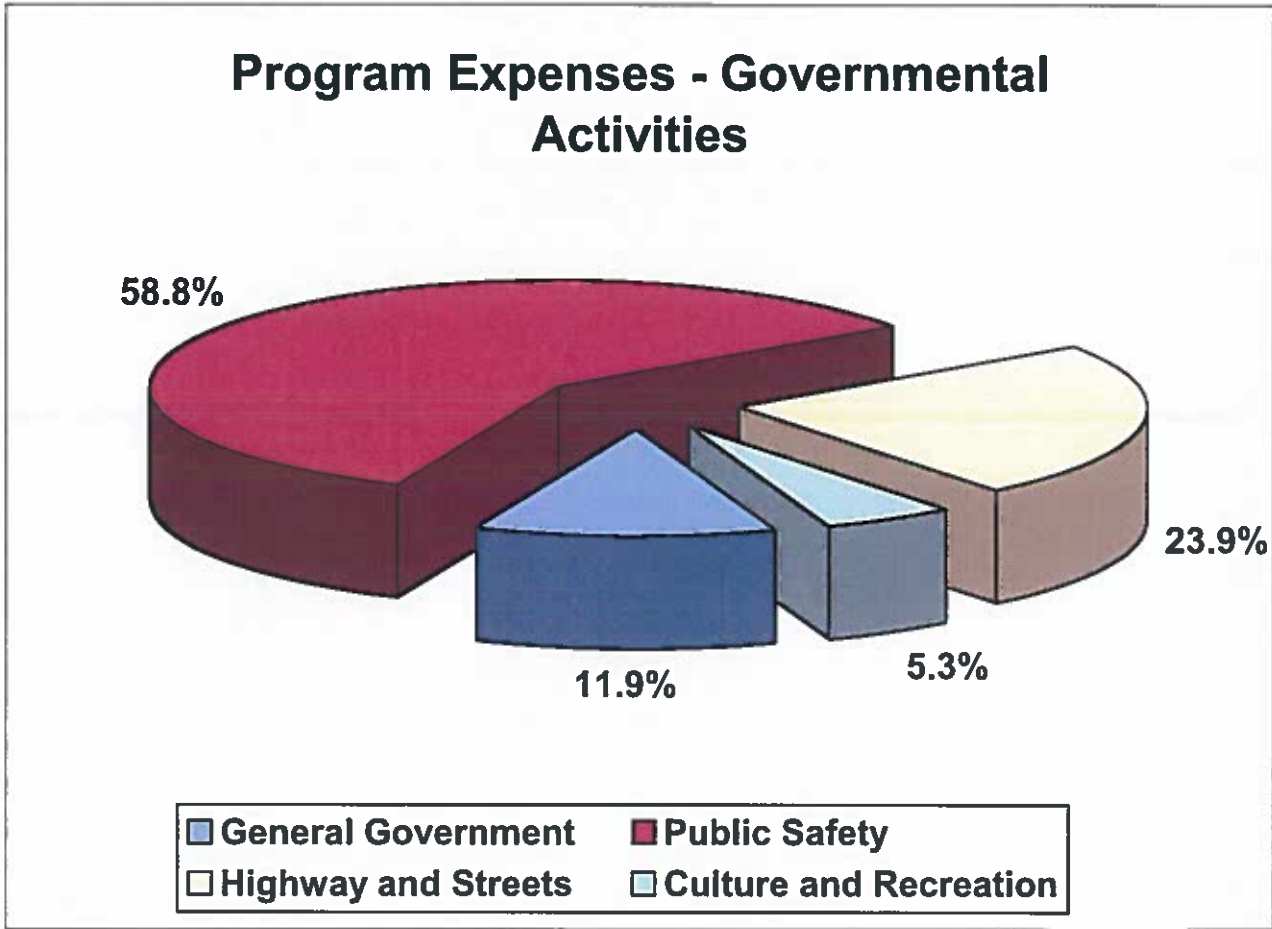
Governmental Activities

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



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

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

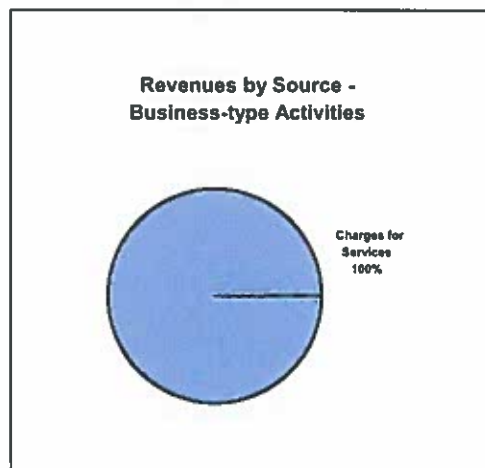
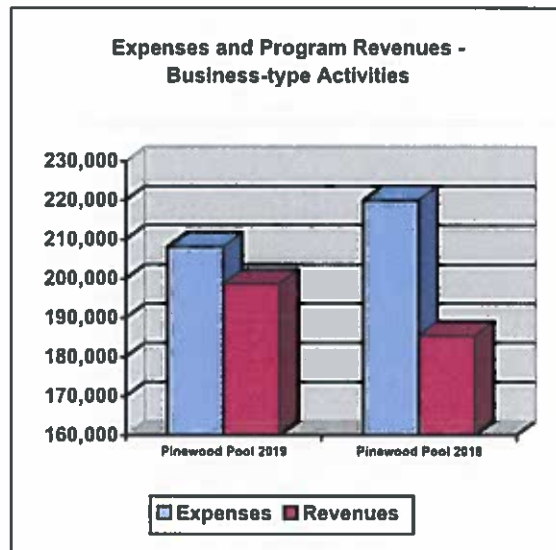


Most of the expenses that occurred in the year 2019 were related to Public Safety. Public Safety expenses were \$16,036,113. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,523,490 which includes road reconstruction, engineering costs, construction and rebuilding of storm sewers, operation and maintenance of traffic signals, and snow removal. Culture and Recreation expenses were \$1,457,548 which includes maintenance/upgrades at 19 parks, facilities, and open space areas. General Government expenses were \$3,249,482 and include costs for staffing, benefits, insurance, and various other administrative costs.

Business-type activities

Business-type activities increased the Township’s net position by \$40,506. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

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



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

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

As Falls Township completed the year, its governmental funds reported a combined fund balance of \$53,941,646 an increase of \$5,501,489 compared to the previous year. Of the combined fund balance total: \$40,483,612 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$10,795,387 is assigned for specific purposes; \$2,132,778 is restricted for particular purposes; and, the remaining \$529,869 is non-spendable.

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

Governmental funds

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

General Fund

The General Fund is the chief operating fund of Falls Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$40,484,753 while total fund balance reached \$49,619,069. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$25,143,148. The total fund balance of Falls Township's general fund increased \$5,230,984 during 2019. This is the result of continuing high income from Waste Management for tipping fees at the new Fairless Landfill. Host Community Fees topped \$23 million in 2019. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes.

Capital Reserve

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

Proprietary Funds

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

Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2019, the net position was \$39,773. This represents an increase of \$40,506 over the prior year. Expenses continue to outpace revenues at the community pool necessitating an interfund transfer of \$50,000 in 2019 to offset operating losses. The Township strives to offer a state-of-the-art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were over budget by \$1,867,759 for 2019. The largest contributing factors were Interest Earnings coming in over budget by \$638,010 and Charges for Services exceeding the budget by \$584,722. Total expenditures for the year were under budget by a total of \$4,982,228. The greatest savings occurred in expenditures for Capital Outlays with Public Works – Highway and Streets under budget by \$4,150,719. Many of the budgeted projects not completed in 2019 have been carried forward to the 2020 budget.

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental and business type activities as of December 31, 2019, amount to \$88,026,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, open space, roads, and bridges.

Major capital asset events during 2019 included the following:

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

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

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

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

FALLS TOWNSHIP
Capital Assets
(net of accumulated depreciation)

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

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

Debt Administration

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF FALLS
STATEMENT OF NET POSITION
DECEMBER 31, 2019

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

TOWNSHIP OF FALLS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

TOWNSHIP OF FALLS

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

DECEMBER 31, 2019

TOTAL GOVERNMENTAL FUND BALANCES	\$ 53,941,646
Amounts reported for governmental activities on the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$164,849,219 and the accumulated depreciation is \$76,985,245	87,863,974
Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds	117,693
Deferred outflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds	2,735,171
Deferred inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds	(1,355,665)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:	
Other post employment benefits	(9,025,567)
Net pension liability-police	(17,458,591)
Net pension liability-nonuniform	(168,654)
Compensated absences	(1,282,337)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 115,367,670</u>

See accompanying notes to the basic financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 858,653	\$ -	\$ 1,498,563	\$ 2,357,216
Real estate transfer	1,105,489			1,105,489
Local services	658,301			658,301
Mechanical device	39,161			39,161
Motor fuel tax			968,286	968,286
Host community fees	23,098,151			23,098,151
Licenses and permits	823,140			823,140
Fines and forfeits	185,468			185,468
Interest earnings	883,210	38,924	29,080	951,214
Rents	63,535		9,340	72,875
Intergovernmental	900,046	8,605	217,843	1,126,494
Charges for services	2,149,252		216,936	2,366,188
Contributions and donations	18,125		42,765	60,890
Refunds of prior years	185,374			185,374
TOTAL REVENUES	30,967,905	47,529	2,982,813	33,998,247
EXPENDITURES				
Current				
General government	2,966,661	69,253		3,035,914
Public safety	17,102,098		1,239,552	18,341,650
Public works - highways and streets	2,134,318		1,040,027	3,174,345
Culture and recreation	99,366		830,454	929,820
Capital outlay				
General government	114,438			114,438
Public safety	254,332			254,332
Public works - highways and streets	2,258,445		130,551	2,388,996
Culture and recreation	213,490			213,490
TOTAL EXPENDITURES	25,143,148	69,253	3,240,584	28,452,985
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDI	5,824,757	(21,724)	(257,771)	5,545,262
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	6,227			6,227
Transfers in		100,000	450,000	550,000
Transfers out	(600,000)			(600,000)
TOTAL OTHER FINANCING SOURCES (USES)	(593,773)	100,000	450,000	(43,773)
NET CHANGE IN FUND BALANCES	5,230,984	78,276	192,229	5,501,489
FUND BALANCES, BEGINNING OF YEAR	44,388,085	2,097,933	1,954,139	48,440,157
FUND BALANCES, END OF YEAR	\$ 49,619,069	\$ 2,176,209	\$ 2,146,368	\$ 53,941,646

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

**RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2019

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

See accompanying notes to the basic financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2019

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

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

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

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2019

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

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

See accompanying notes to the basic financial statements