
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, 2018, 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, 2018, 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 74 through 80 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 2017 financial statements and, in our report dated July 23, 2018, 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 27, 2019

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, 2018**

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, 2018. 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 \$108,656,081 and \$104,175,131 (as restated) at the close of the years ended December 31, 2018 and 2017, respectively. Of the 2018 amount, \$17,330,969 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2017, \$18,448,165 was available for that purpose.

The Township's governmental net position increased by a total of \$4,481,683 during 2018. 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 2018, Falls Township's governmental funds reported combined ending fund balances of \$48,440,157. As a comparison, at the end of 2017, the balance was \$41,225,865, an increase of \$7,214,292.

Business-type activities' net position decreased by \$34,468 from \$33,735 in 2017 to \$(733) in 2018. The reason for this decrease is an operating loss at the Township's Pinewood Pool due to higher administrative costs in 2018.

At the end of the 2018, the unassigned fund balance for the general fund was \$35,759,191 or 152% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

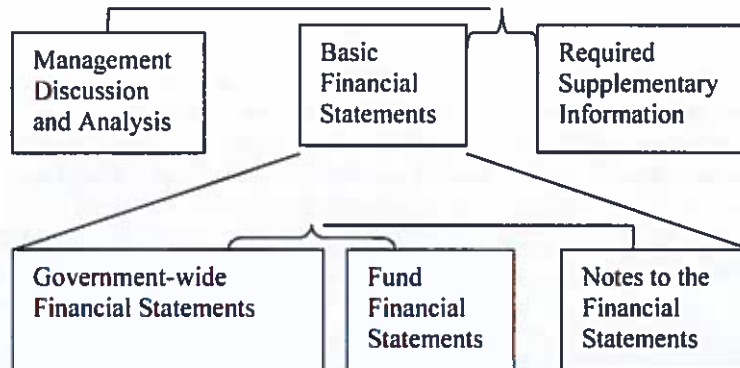
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

- 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 44-72 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 74-80 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 85-93 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 \$108,656,081 and \$104,175,131 (as restated) at the close of the years ended December 31, 2018 and 2017, respectively.

The following table provides a summary of the Township's net position at December 31, 2018 compared to the prior year's figures:

FALLS TOWNSHIP NET POSITION

| | Governmental | | Business-Type | | Totals | |
|-----------------------------------|-----------------------|-----------------------|-------------------|-------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2018 | 2017* | 2018 | 2017 | 2018 | 2017* |
| Current and other assets | \$ 51,080,018 | \$ 43,321,164 | \$ - | \$ - | \$ 51,080,018 | \$ 43,321,164 |
| Capital assets | 89,222,686 | 91,172,798 | 164,673 | 166,646 | 89,387,359 | 91,339,444 |
| Total Assets | \$ 140,302,704 | \$ 134,493,962 | \$ 164,673 | \$ 166,646 | \$ 140,467,377 | \$ 134,660,608 |
| Deferred Outflows of Resources | \$ 3,589,901 | \$ 1,698,943 | \$ - | \$ - | \$ 3,589,901 | \$ 1,698,943 |
| Long-term liabilities outstanding | \$ 32,375,218 | \$ 30,067,917 | \$ - | \$ - | \$ 32,375,218 | \$ 30,067,917 |
| Other liabilities | 2,551,410 | 1,949,857 | 165,406 | 132,911 | 2,716,816 | 2,082,768 |
| Total Liabilities | \$ 34,926,628 | \$ 32,017,774 | \$ 165,406 | \$ 132,911 | \$ 35,092,034 | \$ 32,150,685 |
| Deferred Inflows of Resources | \$ 309,163 | \$ - | \$ - | \$ - | \$ 309,163 | \$ - |
| Net Position: | | | | | | |
| Net Investment in capital assets | \$ 89,222,686 | \$ 91,172,798 | \$ 164,673 | \$ 166,646 | \$ 89,387,359 | \$ 91,339,444 |
| Restricted | 1,937,753 | 1,853,004 | - | - | 1,937,753 | 1,853,004 |
| Unrestricted | 17,496,375 | 11,149,329 | (165,406) | (132,911) | 17,330,969 | 11,016,418 |
| Total Net Position | \$ 108,656,814 | \$ 104,175,131 | \$ (733) | \$ 33,735 | \$ 108,656,081 | \$ 104,208,866 |

*As restated due to change in Accounting Principle

The largest portion of Falls Township's net position, 82.3%, 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, 1.78%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17,330,969, 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 \$4,481,683 for the year ended December 31, 2018, adding to the increase of \$1,793,505 for the year ended December 31, 2017. The recovery of cash reserves in 2017 and 2018 is due to increased revenue from tipping fees received from Waste Management landfill operations. Fiscal year 2017 was the first full year of operations of the Fairless Landfill, a new municipal waste landfill, consisting of 330.5 acres of permit area, of which 197 acres are for waste disposal. Falls Township is committed to maintaining high quality services and recreation facilities for its residents without increasing real estate taxes or charging exorbitant user fees. The Township has been able to expend cash reserves when needed to meet rising costs without burdening our residents.

Business-type activities

Business-type activities decreased Falls Township's net position by \$34,468 for the year ended December 31, 2018 in addition to the decrease in net position by \$8,431 in the prior year. These activities represent ongoing operations at the Pinewood Pool for 2018.

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, 2018 compared to the prior year's figures.

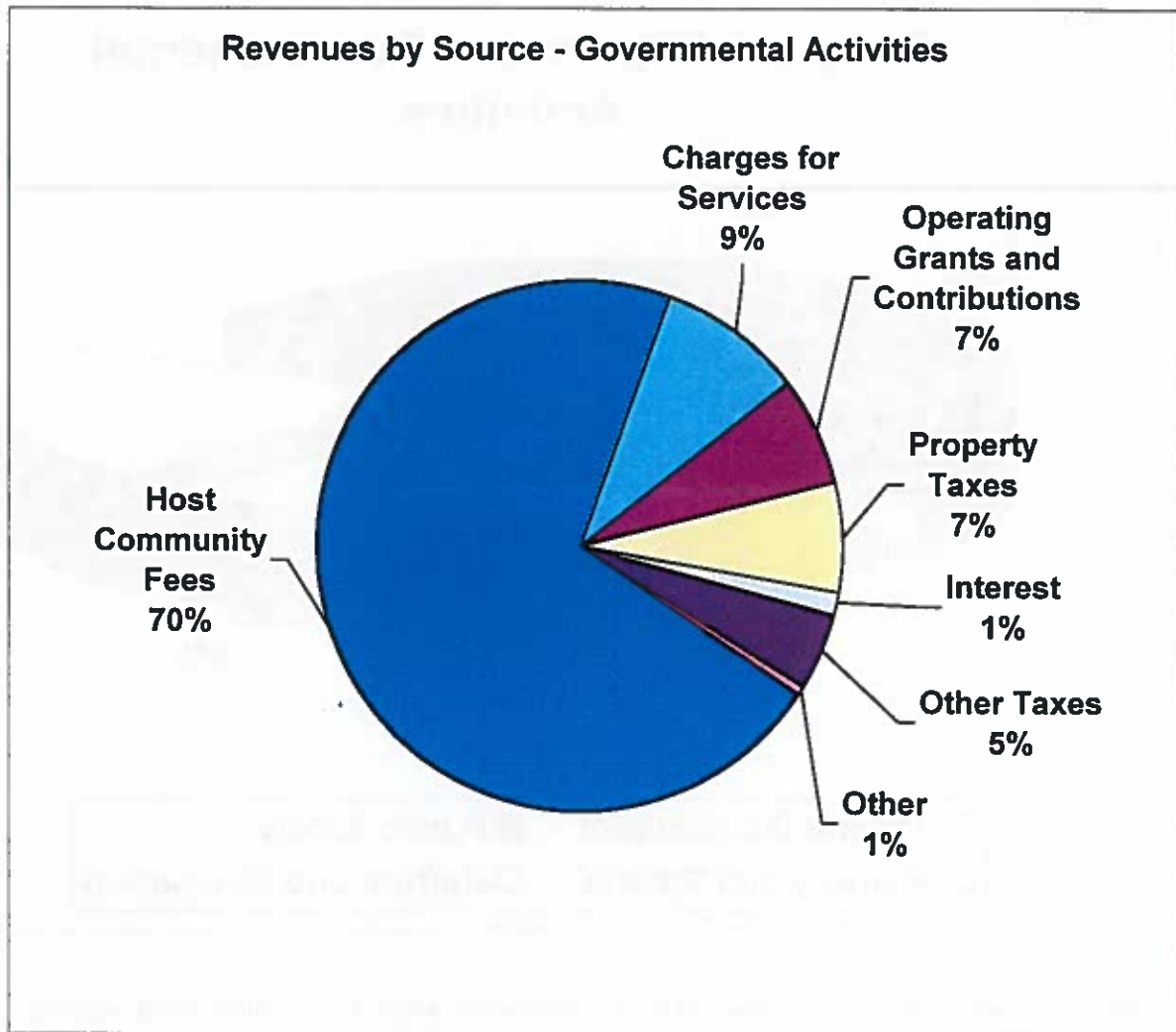
**FALLS TOWNSHIP
CHANGES IN NET POSITION**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-----------------------|-----------------------------|------------------|-----------------------|-----------------------|
| | <u>2018</u> | <u>2017*</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017*</u> |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 3,027,427 | \$ 3,132,074 | \$ 185,525 | \$ 178,392 | \$ 3,212,952 | \$ 3,310,466 |
| Operating Grants and Contributions | 2,257,924 | 2,063,823 | - | - | 2,257,924 | 2,063,823 |
| Capital Grants and Contributions | - | - | - | - | - | - |
| General Revenues: | | | | | | |
| Property taxes | 2,285,129 | 2,284,653 | - | - | 2,285,129 | 2,284,653 |
| Other taxes | 1,604,077 | 1,364,719 | - | - | 1,604,077 | 1,364,719 |
| Host Community Fees | 24,172,523 | 21,706,453 | - | - | 24,172,523 | 21,706,453 |
| Other | 689,064 | 260,384 | 16 | - | 689,080 | 260,384 |
| Total Revenues | <u>34,036,144</u> | <u>30,812,106</u> | <u>185,541</u> | <u>178,392</u> | <u>34,221,685</u> | <u>30,990,498</u> |
| EXPENSES: | | | | | | |
| General Government | 2,873,517 | 2,777,044 | | | 2,873,517 | 2,777,044 |
| Public Safety | 18,673,866 | 18,450,556 | | | 18,673,866 | 18,450,556 |
| Highway and Streets | 6,304,948 | 6,143,092 | | | 6,304,948 | 6,143,092 |
| Culture and Recreation | 1,702,130 | 1,647,909 | | | 1,702,130 | 1,647,909 |
| Pinewood Pool | - | - | 220,009 | 186,823 | 220,009 | 186,823 |
| Total Expenses | <u>29,554,461</u> | <u>29,018,601</u> | <u>220,009</u> | <u>186,823</u> | <u>29,774,470</u> | <u>29,205,424</u> |
| Change in net position before transfers | 4,481,683 | 1,793,505 | (34,468) | (8,431) | 4,447,215 | 1,785,074 |
| Transfers | - | - | - | - | - | - |
| Change in Net Position | <u>4,481,683</u> | <u>1,793,505</u> | <u>(34,468)</u> | <u>(8,431)</u> | <u>4,447,215</u> | <u>1,785,074</u> |
| Net Position, Beginning | | | | | | |
| As originally reported | 104,175,131 | 109,813,373 | 33,735 | 42,166 | 104,208,866 | 109,855,539 |
| Adjustment (See note G) | | (7,431,747) | | | | (7,431,747) |
| Net Position, Ending, restated | <u>\$ 108,656,814</u> | <u>\$ 104,175,131</u> | <u>\$ (733)</u> | <u>\$ 33,735</u> | <u>\$ 108,656,081</u> | <u>\$ 104,208,866</u> |

*As restated due to change in Accounting Principle

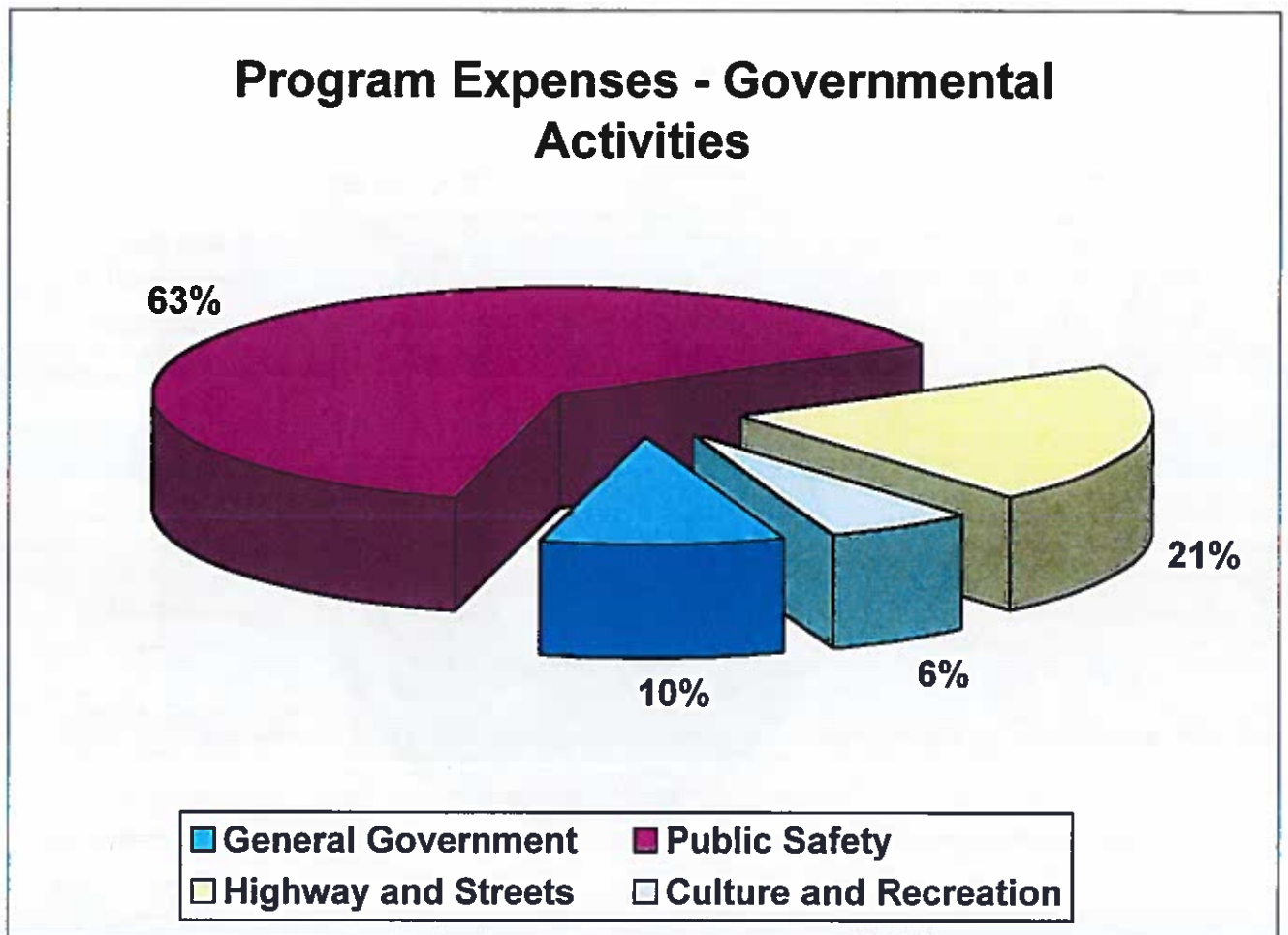
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2018:



Of the total Government-wide revenues of \$34,036,144, \$24,172,523 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 \$3,027,427 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,285,129, Other Taxes brought in \$1,604,077, Operating Grants and Contributions added \$2,257,924, Interest Earnings netted \$508,272, and Other (miscellaneous) revenues were \$180,792.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2018:

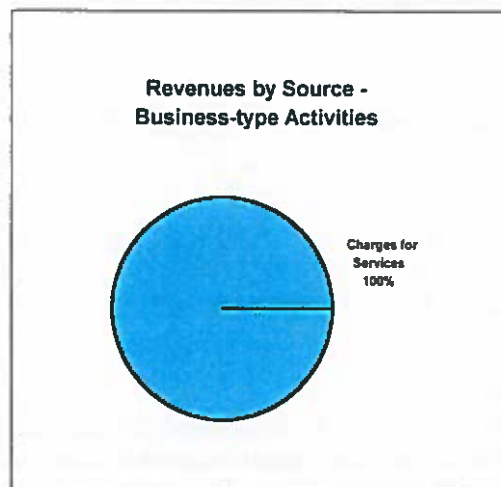
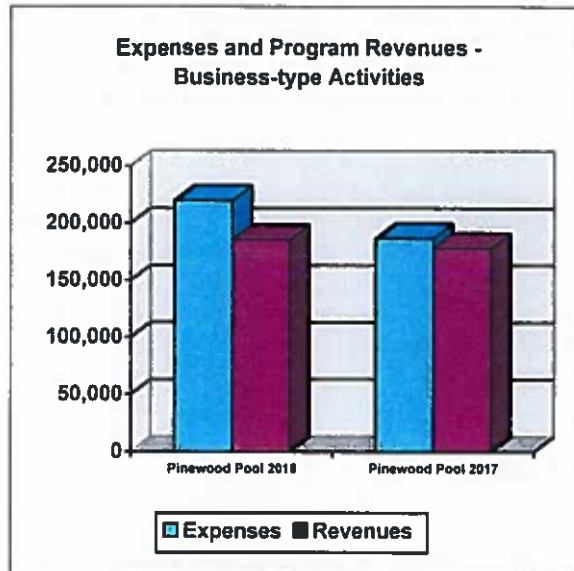


Most of the expenses that occurred in the year 2018 were related to Public Safety. Public Safety expenses were \$18,673,866. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,304,948 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 \$1,702,130 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,873,517 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 \$34,468. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$34,484 in 2018. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2018 was the fifteenth full year of operation for the renovated site. The loss is attributed to continued increases in operating costs outpacing revenues. However, with more aggressive marketing, a “refer a friend” rebate offer, and added programming at the pool, we are 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 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 \$48,440,157 an increase of \$7,214,292 compared to the previous year. Of the combined fund balance total: \$35,755,999 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$10,200,145 is assigned for specific purposes; \$1,937,859 is restricted for particular purposes; and, the remaining \$546,154 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 \$35,759,191 while total fund balance reached \$44,388,085. 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 \$23,500,613. The total fund balance of Falls Township's general fund increased \$7,162,166 during 2018. This is the result of markedly higher income from Waste Management for tipping fees at the new Fairless Landfill. Host Community Fees topped \$24 million in 2018. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes. In addition to higher revenues, there was a decrease in General Fund expenditures of \$939,491 for 2018, primarily in Public Works for highways and streets.

Capital Reserve

The Capital Reserve fund serves the Township to finance various Township purchases and projects. At the end of 2018, the assigned and total fund balance was \$2,097,933. This is a decrease in the amount of \$52,443. With no dedicated revenue stream in this fund, annual expenditures continue to drive down the remaining fund balance.

Proprietary Funds

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

Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2018, the net position was \$(733). This represents a decrease of \$34,484 over the prior year. Expenses continue to outpace revenues at the community pool. The Township strives to offer a state-of-the-art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were over budget by \$5,168,799 for 2018. The single largest contributing factor was Host Community Fees revenue coming in over budget by \$4,261,623. Similarly, high tipping fee revenues are projected by Waste Management for fiscal year 2019. Total expenditures for the year were under budget by a total of \$2,403,608. The greatest savings occurred in expenditures for Capital Outlays with Public Works – Highway and Streets under budget by \$2,016,509. Many of the budgeted projects not completed in 2018 have been carried forward to the 2019 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, 2018, amount to \$89,387,359 (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 2018 included the following:

The purchase of a 2019 International Cab with a dump body, plow and spreader at a cost of \$164,734 as well as a CAT skid steer with auger, two Exmark mowers, and a Toro Sand Pro 3040 with accessories at a combined cost of \$84,213 for the Public Works Department.

The purchase of a 2019 Ford Interceptor for the Fire Marshal's Office at a cost of \$32,529.

The purchase of a 2018 Ford Explorer for the Code Department at a cost of \$33,961.

Road improvements for various roads in the Township amounting to \$1,329,095 in construction and engineering costs. Also improving visibility on our roadways were continuing upgrades to Township streetlights at a cost of \$17,222.

Park improvements in the form of engineering and construction to complete the new fishing pier at the Community Park and the addition of playground equipment and lighting at Quaker Penn Park totaled \$247,099. The Parks department also purchased a 2018 Chevy Cruze at a cost of \$16,784.

Capital purchases for the Police Department, including five new vehicles totaling \$158,263.

FALLS TOWNSHIP Capital Assets (net of accumulated depreciation)

| | Governmental Activities | | Business-type Activities | |
|----------------------------------|----------------------------|----------------------|-----------------------------|-------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Land | \$ 16,460,926 | \$ 16,460,926 | \$ 162,700 | \$ 162,700 |
| Construction in Progress | 746,526 | 889,354 | - | - |
| Building and System | 2,128,872 | 2,352,448 | - | - |
| Improvements other than Building | 1,611,208 | 1,652,179 | - | - |
| Machinery and Equipment | 1,581,464 | 1,634,269 | 1,973 | 3,946 |
| Infrastructure | 66,693,690 | 68,183,622 | - | - |
| | <u>\$ 89,222,686</u> | <u>\$ 91,172,798</u> | <u>\$ 164,673</u> | <u>\$ 166,646</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 \$24 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 2018 in an effort to control costs. Pool membership registrations and program income increased in 2018. 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, and no transfer has been budgeted for 2019.

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

All these factors were considered in preparing the Falls Township budget for 2019.

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, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash & cash equivalents | \$ 28,614,374 | \$ | \$ 28,614,374 |
| Investments | 19,057,032 | | 19,057,032 |
| Taxes receivable | 64,773 | | 64,773 |
| Accounts receivable (net of allowance for uncollectibles) | 2,797,685 | | 2,797,685 |
| Prepaid assets | 546,154 | | 546,154 |
| Total Current Assets | 51,080,018 | - | 51,080,018 |
| 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 | 2,128,872 | | 2,128,872 |
| Infrastructure | 66,693,690 | | 66,693,690 |
| Improvements other than buildings | 1,611,208 | | 1,611,208 |
| Machinery, equipment, and vehicles | 1,581,464 | 1,973 | 1,583,437 |
| Total Capital Assets | 89,222,686 | 164,673 | 89,387,359 |
| TOTAL ASSETS | 140,302,704 | 164,673 | 140,467,377 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amounts related to pensions | 3,589,901 | | 3,589,901 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 783,362 | | 783,362 |
| Accrued salary and benefits | 195,636 | 583 | 196,219 |
| Unearned revenue | 203,058 | | 203,058 |
| Deposits | 813,163 | | 813,163 |
| Internal balances | (164,823) | 164,823 | - |
| Portion due or payable within one year | | | |
| Compensated absences | 721,014 | | 721,014 |
| Total Current Liabilities | 2,551,410 | 165,406 | 2,716,816 |
| Long-term Liabilities: | | | |
| Portion due or payable after one year | | | |
| Compensated absences | 1,208,589 | | 1,208,589 |
| Net pension liability | 19,916,314 | | 19,916,314 |
| Other post-employment benefits | 11,250,315 | | 11,250,315 |
| Total Long-term Liabilities | 32,375,218 | - | 32,375,218 |
| TOTAL LIABILITIES | 34,926,628 | 165,406 | 35,092,034 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amounts related to pensions | 309,163 | | 309,163 |
| NET POSITION | | | |
| Investment in capital assets | 89,222,686 | 164,673 | 89,387,359 |
| Restricted for | | | |
| Recycling expenditures | 451,296 | | 451,296 |
| Parks and recreation | 158,593 | | 158,593 |
| Rescue squad | 15,927 | | 15,927 |
| Crime prevention | 96,408 | | 96,408 |
| Fire hydrant | 81,228 | | 81,228 |
| Highway aid | 918,569 | | 918,569 |
| Street lighting | 215,732 | | 215,732 |
| Unrestricted | 17,496,375 | (165,406) | 17,330,969 |
| TOTAL NET POSITION | \$ 108,656,814 | \$ (733) | \$ 108,656,081 |

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

| 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 | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| General government | \$ 2,873,517 | \$ 1,084,762 | \$ 827,383 | \$ - | \$ (961,372) | \$ - | \$ (961,372) |
| Public safety | 18,673,866 | 1,664,920 | 247,377 | - | (16,761,569) | - | (16,761,569) |
| Public works - highways and streets | 6,304,948 | 88,563 | 1,178,465 | - | (5,037,920) | - | (5,037,920) |
| Culture and recreation | 1,702,130 | 189,182 | 4,699 | - | (1,508,249) | - | (1,508,249) |
| TOTAL GOVERNMENTAL ACTIVITIES | 29,554,461 | 3,027,427 | 2,257,924 | - | (24,269,110) | - | (24,269,110) |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Pinewood Pool | 220,009 | 185,525 | - | - | (34,484) | - | (34,484) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 220,009 | 185,525 | - | - | (34,484) | - | (34,484) |
| TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES | \$ 29,774,470 | \$ 3,212,952 | \$ 2,257,924 | \$ - | (24,269,110) | 16 | (24,303,594) |
| GENERAL REVENUES | | | | | | | |
| Property taxes, levied for general purposes | | | | | 2,285,129 | | 2,285,129 |
| Real estate transfer taxes | | | | | 836,009 | | 836,009 |
| Local services taxes | | | | | 644,855 | | 644,855 |
| Mechanical device tax | | | | | 35,138 | | 35,138 |
| Other taxes | | | | | 13,075 | | 13,075 |
| Payment in lieu of taxes | | | | | 75,000 | | 75,000 |
| Contributions not restricted to specific programs | | | | | 24,172,523 | | 24,172,523 |
| Interest earnings | | | | | 508,272 | 16 | 508,288 |
| Gain on sale of capital assets | | | | | 16,954 | | 16,954 |
| Miscellaneous revenues | | | | | 163,838 | | 163,838 |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 28,750,793 | 16 | 28,750,809 |
| CHANGE IN NET POSITION | | | | | 4,481,683 | (34,468) | 4,447,215 |
| NET POSITION AT BEGINNING OF YEAR | | | | | | | |
| As originally reported | | | | | 111,606,878 | 33,735 | 111,640,613 |
| Adjustment (see note #4C) | | | | | (7,431,747) | | (7,431,747) |
| NET POSITION AT BEGINNING OF YEAR, restated | | | | | 104,175,131 | 33,735 | 104,208,866 |
| NET POSITION AT END OF YEAR | | | | | \$ 108,656,814 | (733) | \$ 108,656,081 |

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

| | General | Capital Reserve | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|--------------------------|--------------------------|
| ASSETS | | | | |
| Cash & cash equivalents | \$ 24,042,073 | \$ 3,516,264 | \$ 1,056,037 | \$ 28,614,374 |
| Investments | 19,057,032 | | | 19,057,032 |
| Accounts receivable (net of allowance for uncollectibles) | 2,772,684 | 1 | 25,000 | 2,797,685 |
| Taxes receivable | 23,622 | | 41,151 | 64,773 |
| Interfund receivable | 779,605 | | 947,889 | 1,727,494 |
| Prepaid items | 526,682 | | 19,472 | 546,154 |
| TOTAL ASSETS | \$ 47,201,698 | \$ 3,516,265 | \$ 2,089,549 | \$ 52,807,512 |
| LIABILITIES | | | | |
| Accounts payable | \$ 719,766 | \$ 18,137 | \$ 45,459 | \$ 783,362 |
| Deposits | 6,657 | 806,256 | 250 | 813,163 |
| Interfund payable | 947,764 | 593,939 | 20,968 | 1,562,671 |
| Salaries and benefits payable | 886,440 | | 30,210 | 916,650 |
| Unearned revenue | 220,077 | | | 220,077 |
| TOTAL LIABILITIES | 2,780,704 | 1,418,332 | 96,887 | 4,295,923 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - real estate taxes | 22,117 | | 38,523 | 60,640 |
| Unavailable revenue - other | 10,792 | | | 10,792 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 32,909 | - | 38,523 | 71,432 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid items | 526,682 | | 19,472 | 546,154 |
| Restricted for: | | | | |
| Recycling expenditures | | | 451,296 | 451,296 |
| Parks and recreation | | | 158,593 | 158,593 |
| Rescue squad | | | 15,927 | 15,927 |
| Crime prevention | | | 96,408 | 96,408 |
| Fire hydrant | | | 81,228 | 81,228 |
| Library | | | 106 | 106 |
| Highway aid | | | 918,569 | 918,569 |
| Street lighting | | | 215,732 | 215,732 |
| Assigned to | | | | |
| Capital projects | 8,102,212 | 2,097,933 | | 10,200,145 |
| Unassigned | 35,759,191 | | (3,192) | 35,755,999 |
| TOTAL FUND BALANCES | 44,388,085 | 2,097,933 | 1,954,139 | 48,440,157 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 47,201,698 | \$ 3,516,265 | \$ 2,089,549 | \$ 52,807,512 |

TOWNSHIP OF FALLS

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

DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUND BALANCES \$ 48,440,157

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 \$162,313,934 and the accumulated depreciation is \$73,091,248 89,222,686

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 88,451

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds 3,589,901

Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds (309,163)

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 (11,250,315)
Net pension liability (19,916,314)
Compensated absences (1,208,589)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 108,656,814

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

FOR THE YEAR ENDED DECEMBER 31, 2018

| | General | Capital Reserve | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|--------------------------|--------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Property | 842,171 | \$ | \$ 1,469,785 | \$ 2,311,956 |
| Real estate transfer | 836,009 | | | 836,009 |
| Local services | 643,235 | | | 643,235 |
| Mechanical device | 35,138 | | | 35,138 |
| Motor fuel tax | 27,320 | | 947,675 | 947,675 |
| Payment in lieu of taxes | 873,720 | | 47,680 | 75,000 |
| Host community fees | 194,345 | | | 24,172,523 |
| Licenses and permits | 873,720 | | | 873,720 |
| Fines and forfeits | 194,345 | | | 194,345 |
| Interest earnings | 455,105 | | | 508,273 |
| Rents | 51,745 | 31,249 | 21,919 | 8,790 |
| Intergovernmental | 966,610 | | 8,790 | 60,535 |
| Charges for services | 1,859,859 | | 203,277 | 1,169,887 |
| Contributions and donations | 87,587 | | 189,181 | 2,049,040 |
| Refunds of prior years | 62,458 | | 48,800 | 136,387 |
| TOTAL REVENUES | <u>31,107,825</u> | <u>31,249</u> | <u>2,937,107</u> | <u>34,076,181</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 2,614,823 | 77,301 | | 2,692,124 |
| Public safety | 16,527,419 | | 1,214,460 | 17,741,879 |
| Public works - highways and streets | 2,041,869 | | 1,131,999 | 3,173,868 |
| Culture and recreation | 353,183 | 6,391 | 827,499 | 1,187,073 |
| Capital outlay | | | | |
| General government | 224,753 | | | 224,753 |
| Public safety | 1,490,291 | | 120,580 | 1,610,871 |
| Public works - highways and streets | 248,275 | | | 248,275 |
| Culture and recreation | | | | |
| TOTAL EXPENDITURES | <u>23,500,613</u> | <u>83,692</u> | <u>3,294,538</u> | <u>26,878,843</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>7,607,212</u> | <u>(52,443)</u> | <u>(357,431)</u> | <u>7,197,338</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of assets | 16,954 | | | 16,954 |
| Transfers in | (462,000) | | 462,000 | 462,000 |
| Transfers out | (445,046) | | | (462,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>462,000</u> | <u>16,954</u> |
| NET INCREASE (DECREASE) IN FUND BALANCES | <u>7,162,166</u> | <u>(52,443)</u> | <u>104,569</u> | <u>7,214,292</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>37,225,919</u> | <u>2,150,376</u> | <u>1,849,570</u> | <u>41,225,865</u> |
| FUND BALANCES, ENDING | <u>\$ 44,388,085</u> | <u>\$ 2,097,933</u> | <u>\$ 1,954,139</u> | <u>\$ 48,440,157</u> |

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, 2018

| | |
|--|---------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 7,214,292 |
| <p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:</p> | |
| Capital outlay | 2,083,899 |
| Depreciation expense | (4,034,011) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | |
| | (56,991) |
| <p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p> | |
| | (151,504) |
| <p>On the Statement of Activities the actual and projected long term expenditures for pension benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for pensions.</p> | |
| | (437,805) |
| <p>On the Statement of Activities the actual and projected long term expenditures for post-employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.</p> | |
| | <u>(136,197)</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 4,481,683</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, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$ 867,231 | \$ 867,231 | \$ 842,171 | \$ (25,060) |
| Real estate transfer | 750,000 | 750,000 | 836,009 | 86,009 |
| Local services | 680,000 | 680,000 | 643,235 | (36,765) |
| Mechanical device | 34,000 | 34,000 | 35,138 | 1,138 |
| Payment in lieu of taxes | 27,320 | 27,320 | 27,320 | - |
| Host community fees | 19,910,900 | 19,910,900 | 24,172,523 | 4,261,623 |
| Licenses and permits | 873,625 | 873,625 | 873,720 | 95 |
| Fines and forfeits | 214,000 | 214,000 | 194,345 | (19,655) |
| Interest earnings | 210,200 | 210,200 | 455,105 | 244,905 |
| Rents | 33,200 | 33,200 | 51,745 | 18,545 |
| Intergovernmental | 808,500 | 808,500 | 966,610 | 158,110 |
| Charges for services | 1,500,050 | 1,500,050 | 1,859,859 | 359,809 |
| Contributions and donations | - | - | 87,587 | 87,587 |
| Refunds of prior years | 30,000 | 30,000 | 62,458 | 32,458 |
| TOTAL REVENUES | 25,939,026 | 25,939,026 | 31,107,825 | 5,168,799 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Supervisors | 36,318 | 36,318 | 34,870 | 1,448 |
| Manager | 464,220 | 464,220 | 537,608 | (73,388) |
| Finance and administration | 636,955 | 636,955 | 624,302 | 12,653 |
| Attorney | 349,900 | 349,900 | 429,425 | (79,525) |
| Other | 963,506 | 963,506 | 988,618 | (25,112) |
| Total general government | 2,450,899 | 2,450,899 | 2,614,823 | (163,924) |
| Public safety | | | | |
| Police | 15,057,320 | 15,057,320 | 14,688,225 | 369,095 |
| Fire | 602,332 | 602,332 | 585,710 | 16,622 |
| Code Enforcement | 1,261,048 | 1,261,048 | 1,253,484 | 7,564 |
| Total public safety | 16,920,700 | 16,920,700 | 16,527,419 | 393,281 |
| Public works | | | | |
| Highways and streets | 1,994,643 | 1,994,643 | 2,041,869 | (47,226) |
| Total public works | 1,994,643 | 1,994,643 | 2,041,869 | (47,226) |
| Total culture and recreation | 20,000 | 20,000 | 353,183 | (333,183) |
| Capital outlay | | | | |
| General government | 260,000 | 260,000 | - | 260,000 |
| Public safety | 470,579 | 470,579 | 224,753 | 245,826 |
| Public works - highway and streets | 3,506,800 | 3,506,800 | 1,490,291 | 2,016,509 |
| Culture and recreation | 280,600 | 280,600 | 248,275 | 32,325 |
| Total capital outlay | 4,517,979 | 4,517,979 | 1,963,319 | 2,554,660 |
| TOTAL EXPENDITURES | 25,904,221 | 25,904,221 | 23,500,613 | 2,403,608 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 34,805 | 34,805 | 7,607,212 | 7,572,407 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (462,000) | (462,000) | (462,000) | - |
| Sale of assets | 500 | 500 | 16,954 | 16,454 |
| TOTAL OTHER FINANCING SOURCES (USES) | (461,500) | (461,500) | (445,046) | 16,454 |
| NET INCREASE (DECREASE) IN FUND BALANCE | (426,695) | (426,695) | 7,162,166 | 7,588,861 |
| FUND BALANCE, BEGINNING | 38,110,224 | 38,110,224 | 37,225,919 | (884,305) |
| FUND BALANCE, ENDING | \$ 37,683,529 | \$ 37,683,529 | \$ 44,388,085 | \$ 6,704,556 |

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

| | <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 | 3,946 |
| TOTAL CAPITAL ASSETS | <u>164,673</u> | <u>166,646</u> |
| TOTAL ASSETS | <u>164,673</u> | <u>166,646</u> |
| | | |
| LIABILITIES | | |
| Current liabilities | | |
| Interfund payable | 164,823 | 132,658 |
| Salaries and benefits payable | 583 | 253 |
| TOTAL CURRENT LIABILITIES | <u>165,406</u> | <u>132,911</u> |
| | | |
| NET POSITION | | |
| Investment in capital assets | 164,673 | 166,646 |
| Unrestricted | <u>(165,406)</u> | <u>(132,911)</u> |
| TOTAL NET POSITION | <u>\$ (733)</u> | <u>\$ 33,735</u> |

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | |
|--|---|--------------------------------|
| | Pinewood Pool Current Year | Pinewood Pool Prior Year |
| OPERATING REVENUES | | |
| Charges for sales and services | | |
| Pool memberships | \$ 180,782 | \$ 174,010 |
| Concession income | 4,743 | 4,382 |
| TOTAL OPERATING REVENUES | 185,525 | 178,392 |
| OPERATING EXPENSES | | |
| Costs of sales and services | 154,723 | 150,863 |
| Administration | 63,313 | 33,987 |
| Depreciation on capital assets | 1,973 | 1,973 |
| TOTAL OPERATING EXPENSES | 220,009 | 186,823 |
| OPERATING INCOME (LOSS) | (34,484) | (8,431) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 16 | |
| TOTAL NONOPERATING REVENUE (EXPENSES) | 16 | - |
| CHANGE IN NET POSITION | (34,468) | (8,431) |
| NET POSITION, BEGINNING | 33,735 | 42,166 |
| NET POSITION, ENDING | \$ (733) | \$ 33,735 |

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 185,525 | \$ 178,392 |
| Payments to suppliers | (63,835) | (63,973) |
| Payments to employees | (153,871) | (120,916) |
| NET CASH USED IN OPERATING ACTIVITIES | <u>(32,181)</u> | <u>(6,497)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfer from other funds | 32,165 | 6,497 |
| NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES | <u>32,165</u> | <u>6,497</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest earnings on investments | 16 | - |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>16</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - | - |
| CASH AND CASH EQUIVALENTS, BEGINNING | - | - |
| 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 | \$ (34,484) | \$ (8,431) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating expenses | | |
| Depreciation expense | 1,973 | 1,973 |
| Increase (decrease) in salaries and benefits payable | 330 | (39) |
| TOTAL ADJUSTMENTS | <u>2,303</u> | <u>1,934</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$ (32,181)</u> | <u>\$ (6,497)</u> |

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2018

| | <u>Pension Trust Funds</u> | <u>Agency Fund</u> |
|---|--------------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 13,072,747 | \$ 3,357,070 |
| Receivables | 235,275 | |
| Accounts receivable | | 1,704 |
| Investment, at fair value | | |
| Common stock, mutual funds | <u>17,364,582</u> | |
| TOTAL ASSETS | 30,672,604 | <u><u>\$ 3,358,774</u></u> |
| LIABILITIES | | |
| Payables | <u>3,140</u> | |
| Escrow deposits | | <u><u>\$ 3,358,774</u></u> |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | <u><u>\$ 30,669,464</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, 2018

| | <u>Pension Trust Funds</u> |
|---|--------------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 2,283,401 |
| Plan member | 316,462 |
| Commonwealth | 665,183 |
| Total Contributions | <u>3,265,046</u> |
| Investment Income | |
| Dividend income | 596,987 |
| Net appreciation (depreciation) in fair value of investments | <u>(1,538,536)</u> |
| Total investment income | (941,549) |
| Less: investment expenses | <u>75,901</u> |
| Net investment income | <u>(1,017,450)</u> |
| TOTAL ADDITIONS | <u>2,247,596</u> |
| DEDUCTIONS | |
| Benefits | 2,615,724 |
| Reimbursements | 32,573 |
| Administrative expenses | <u>15,897</u> |
| Total deductions | <u>2,664,194</u> |
| Change in Net Position | (416,598) |
| NET POSITION BEGINNING OF YEAR | <u>31,086,062</u> |
| NET POSITION END OF YEAR | <u><u>\$ 30,669,464</u></u> |

See accompanying notes to the basic financial statements