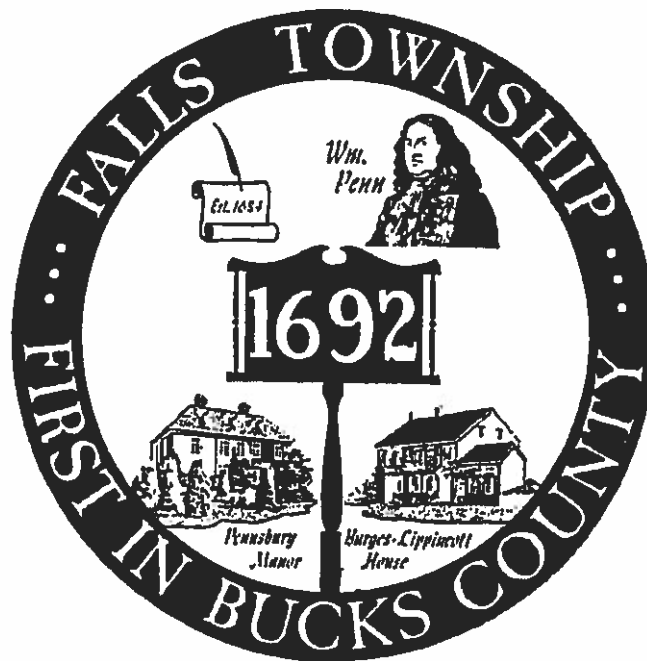


Township of Falls County of Bucks, Pennsylvania

“325 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017



Prepared by Jean E. Reukauf
Finance Director



TOWNSHIP OF FALLS
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2017

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INTRODUCTORY SECTION

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Township of Falls

BUCKS COUNTY, PA



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

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

July 31, 2018

Board of Supervisors

Jeff Boraski
Jeffrey E. Dence
Brian M. Galloway
Robert J. Harvie, Jr.
Jeffrey Rocco

To the Board of Supervisors and the Citizens of Falls Township:

The Comprehensive Annual Financial Report of the Township of Falls, Bucks County, Pennsylvania for the year ended December 31, 2017 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2017, and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared by the Township's Finance Department in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by Major & Mastro, LLC, Certified Public Accountants.

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

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

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

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

Financial Entity

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

General Information

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

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

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

The Falls Township Police Department is a full service police agency, providing all police services within our community. The agency embraces the concept of Community Policing and emphasizes problem oriented policing. They work in partnership with the community, addressing all issues affecting our citizens. The department is also an accredited police department under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission receiving the status in 2003. This accreditation was the first in Bucks County and the twelfth in the Commonwealth of Pennsylvania. The department followed procedures for recertification in April 2015 and was able to retain the accreditation status for an additional three years. The Chief of Police and four Lieutenants oversee the operations of 46 full time police officers assigned to the Patrol, Detectives and Community Partnership Units and 7 civilian employees ranging from Animal Control to Clerical to Court Liaison. The department also has a fleet of 56 police vehicles.

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

The Pennsbury School District administrative offices are located within Falls Township. Pennsbury High School campus, east and west, and six grade schools serve the community with an approximate enrollment of 10,530. The district provides educational services to Falls Township and three neighboring municipalities. The school district has been named a model high school by the Federal Department of Education. Education from nursery school through the eighth grade is also provided by the Pen Ryn School, a private school within the Township's boundaries.

The Fire Marshal's department continually strives to achieve goals in fire safety and environmental concerns. The department is continuing to upgrade its operations by expanding its radio system for

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

Falls Township is served by three volunteer Fire Companies – Falls Fire Company, Levittown Fire Company and the Fairless Hills Fire Company. The Township is also served by two Rescue Squads – the Levittown Fairless Hills Rescue Squad and the Morrisville Rescue Squad. These agencies provide professional emergency services to Falls Township twenty-four hours a day and seven days a week as well as serving neighboring communities in Pennsylvania and New Jersey, when requested. All agencies receive financial aid from tax dollars contributed by the Township (a total of \$533,000 in support for 2017) although tax funding covers only a portion of their operating costs. Most of the funding for operations comes from individual contributions via fund drives and other fund raising events. On average, one hundred individuals volunteer for the Fire Companies and seventy volunteer at the Rescue Squads.

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

In addition to the aforementioned parks, the Parks and Recreation Department oversees operations at the Pinewood Pool. The pool was fully renovated in 2003, transforming a forty year old pool into a state of the art facility designed for the safety and enjoyment of all swimmers. This pool provides entertainment for the community at extremely reasonable prices while maintaining the finest amenities. A new water slide was installed on the pool property in 2010. The wading pool underwent complete re-plastering and tilework in 2014, and the main pool underwent that same process prior to the season opening in 2016.

Economic Conditions and Outlook

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

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

In the southern portion of Falls Township, the Warner Company developed a 46 acre landfill and began operations in August of 1970. The Warner Company, through its subsidiary Geological Reclamation Operations and Waste Systems, Inc. (G.R.O.W.S.), was issued permits to operate a solid waste disposal facility in the Morrisville section of the Township. The facility, which was subsequently sold to Waste Management, Inc., has expanded to approximately 752.8 acres since operations began. These operations provide the Township, as the host community, with waste disposal tonnage fees and benefit the residents through refuse removal and recycling pick up at no charge based on Solid Waste Agreements negotiated by Township Officials.

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

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

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

One of the standards used by the financial industry to determine the financial condition of a municipality is an examination of the entity's ability to borrow funds. As of December 31, 1991, the Township could legally borrow up to \$5 million dollars. As of December 31, 2017, the Township is legally able to borrow in excess of \$60 million dollars. The Board of Supervisors has not incurred debt since January 1, 1992 and has no plans to borrow funds in the future.

Long-Term Financial Planning

The Township continues to maintain a long-term restricted savings account designed to be available when tipping fees from the landfill, operated by Waste Management, are no longer received. By December 31, 2017, the Township had approximately \$31,000,000 in the account with an additional \$2 million deposited in early 2018. With aggressive savings and competitive interest rates, it is anticipated that the interest earned can assist the General Fund with a revenue stream on an annual basis achieving the Township's goal of funding operating costs long after tipping fees have ceased.

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

Relevant Financial Policies

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

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

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

The Township also maintains an encumbrance accounting system as an additional technique of budgetary control. Encumbrances outstanding at year-end are liquidated.

Major Initiatives

During 2017, the Township continued its participation in the Bucks County Consortium of Municipalities. The Consortium is comprised of all municipalities in Bucks County that employ professional management staff. The goal of the Consortium is to encourage inter-municipal cooperation in such areas as purchasing of materials and supplies, household hazardous waste collection and disposal, and personnel related matters.

Fiscal year 2017 marks the fifteenth year of the Township's participation in the NPDES (National Pollution Discharge Elimination System) Phase II. This is a program mandated by the Commonwealth of Pennsylvania. The Township continues to enforce all requirements associated in accordance with NPDES.

Also in 2017, the Township planned for the full depth reconstruction of Walton Drive (from Elbow Lane to Lions Drive) and the mill and overlay of the Mill Creek Parkway eastbound, Leshia Drive, Rice Drive, Andrew Drive, Laura Way, and Makefield Turn. Full depth reconstruction historically has consisted of new curbs, driveway aprons, various sidewalks, storm sewer pipes and the roadway itself. The Township is nearing completion of its goal, begun in the early 1990's, of the reconstruction of all Township-owned roadways. The Township anticipates completion of its road program within the next five years.

Other Information

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2017 is the firm of Major & Mastro, LLC. The independent auditor's report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the Financial Section of this report. Major & Mastro, LLC has issued an unmodified opinion for the year ended December 31, 2017.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Falls for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. This was the nineteenth consecutive year that the Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the Township published an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of the 2017 Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Members of the Administration, Code Enforcement, Zoning, Fire Marshal, Parks and Recreation, Public Works, and Police departments who assisted and contributed to the preparation of this report have my sincere appreciation for their contributions. Due credit should be given as well to the Board of Supervisors for their interest, support and leadership in planning and conducting the operations of the Township in a responsible and progressive manner. Without their support, the preparation of this report would not have been possible.

Respectfully Submitted,



Jean E. Reukauf
Finance Director
July 31, 2017



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Township of Falls
Pennsylvania**

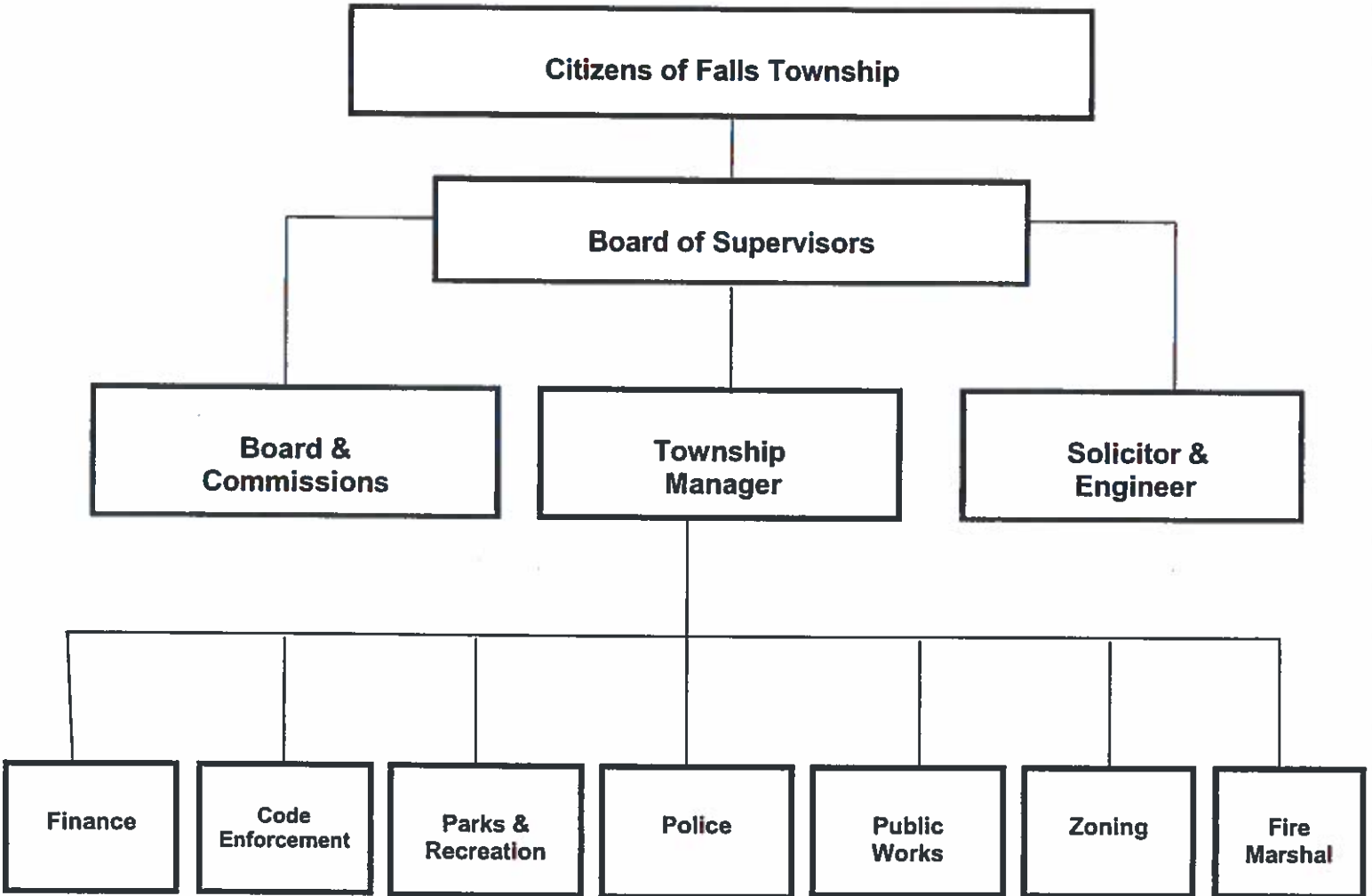
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

**Falls Township
Organizational Chart**



Appointed Citizen Advisory Boards and Commissions

- | | |
|--|-----------------------------------|
| Board of Auditors | Cable Advisory Board |
| Environmental Advisory Council | Board of Appeals |
| Disabled Persons Advisory Board | Parks and Recreation Board |
| Planning Commission | Zoning Hearing Board |
| Police Pension Committee | Shade Tree Commission |
| Historic Preservation Commission | |
| Neighborhood Traffic Advisory Committee | |
| Community and Economic Development Commission | |

2017 BOARD OF SUPERVISORS

Robert J. Harvie, Jr., Chairperson

Jeffry E. Dence, Vice Chairperson

Jeffrey Rocco, Secretary/Treasurer

Brian M. Galloway, Member

Jeff Boraski, Member

CURRENT EXECUTIVE OFFICIALS

Peter F. Gray, Township Manager

Michael P. Clarke, Esq., Township Solicitor

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

William Wilcox, Police Chief

Jean E. Reukauf, Finance Director

Richard Dippolito, Fire Marshal

Thomas Bennett, Zoning Officer

Jason R. Lawson, Public Works Director

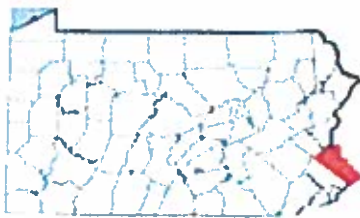
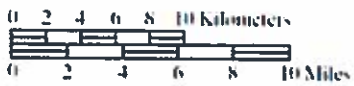
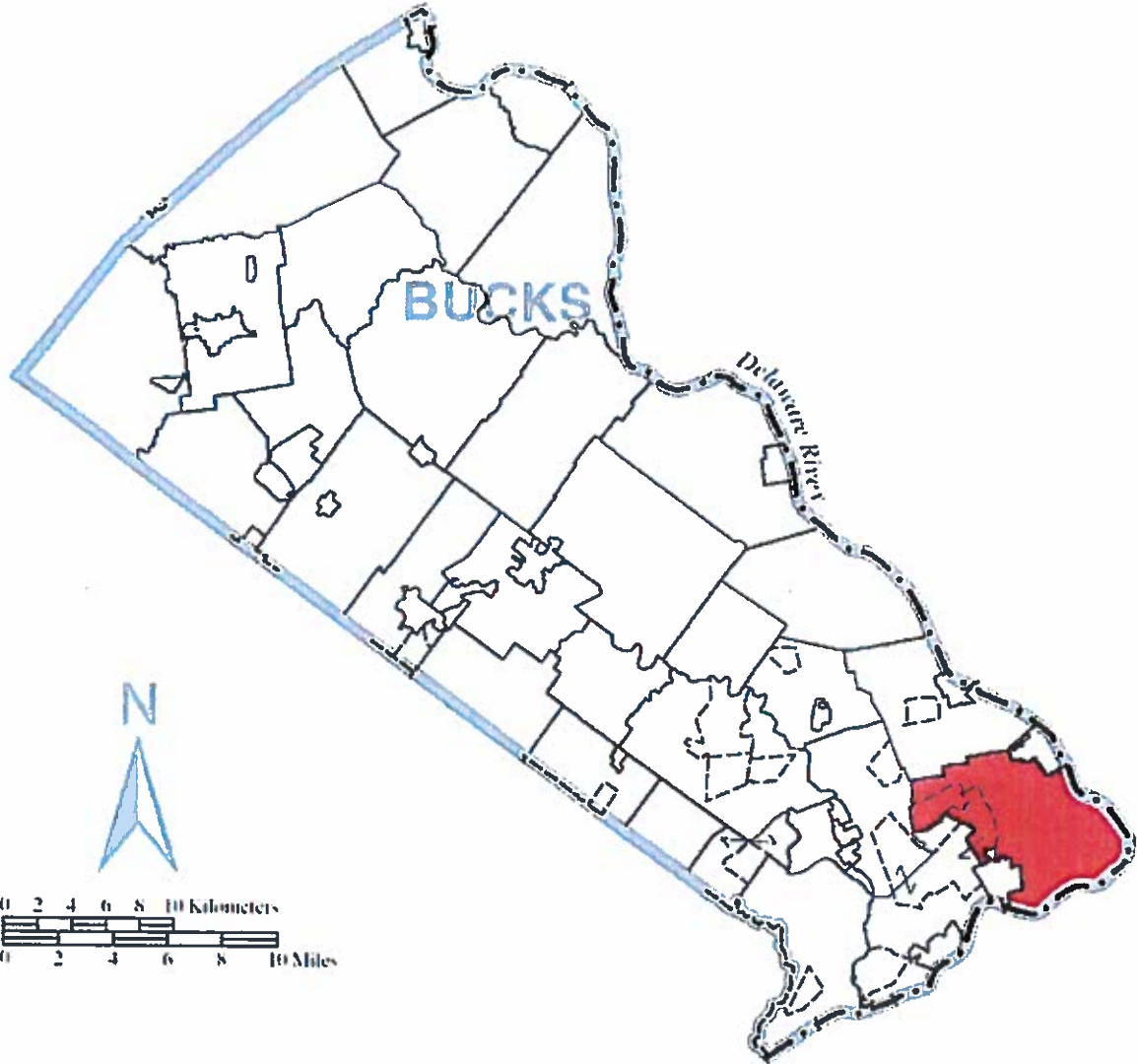
Brian Andrews, Parks & Recreation Director

Todd Pletnick, Police Lieutenant

Henry Ward, Police Lieutenant

Nelson Whitney, Police Lieutenant

**TOWNSHIP OF FALLS
BUCKS COUNTY, PENNSYLVANIA**



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, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2017, 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, 2017, 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 funding progress - other post employment benefits on pages 19 through 30 and pages 72 through 78 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.

July 23, 2018

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

Handwritten signature in black ink that reads "Major & Mastro LLC". The signature is written in a cursive, stylized font.

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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, 2017**

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, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of Falls Township exceeded its liabilities by \$111,640,613 and \$109,855,539 at the close of the years ended December 31, 2017 and 2016, respectively. Of the 2017 amount, \$18,448,165 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2016, \$16,251,778 was available for that purpose.

The Township's governmental net position increased by a total of \$1,793,505 during 2017. 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 2017, Falls Township's governmental funds reported combined ending fund balances of \$41,225,865. As a comparison, at the end of 2016, the balance was \$37,733,058, an increase of \$3,492,807.

Business-type activities' net position decreased by \$8,431 from \$42,166 in 2016 to \$33,735 in 2017. The reason for this decrease is an increase in current liabilities, specifically interfund payables.

At the end of the 2017, the unassigned fund balance for the general fund was \$32,186,591 or 132% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

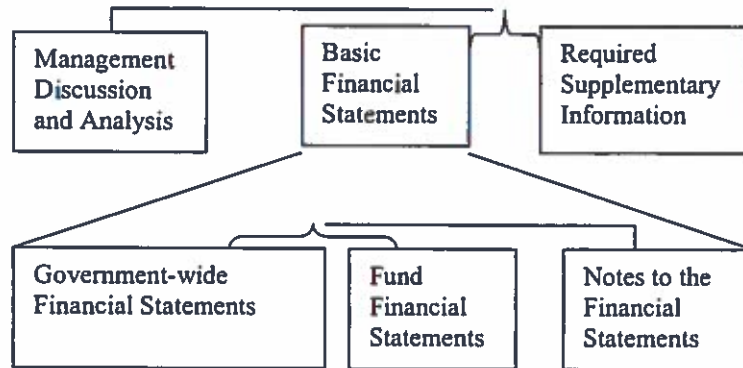
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

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

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

Fund financial statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 44-69 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 72 - 78 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 83-91 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 \$111,640,613 and \$109,855,539 at the close of the years ended December 31, 2017 and 2016, respectively.

The following table provides a summary of the Township's net position at December 31, 2017 compared to the prior year's figures:

**FALLS TOWNSHIP
NET POSITION**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 43,321,164	\$ 39,704,960	\$ -	\$ -	\$ 43,321,164	\$ 39,704,960
Capital assets	91,172,798	92,304,493	166,646	168,619	91,339,444	92,473,112
Total Assets	\$ 134,493,962	\$ 132,009,453	\$ 166,646	\$ 168,619	\$ 134,660,608	\$ 132,178,072
Deferred Outflows of Resources	\$ 1,698,943	\$ 3,035,454	\$ -	\$ -	\$ 1,698,943	\$ 3,035,454
Long-term liabilities outstanding	\$ 22,636,170	\$ 23,405,747	\$ -	\$ -	\$ 22,636,170	\$ 23,405,747
Other liabilities	1,949,857	1,825,787	132,911	126,453	2,082,768	1,952,240
Total Liabilities	\$ 24,586,027	\$ 25,231,534	\$ 132,911	\$ 126,453	\$ 24,718,938	\$ 25,357,987
Net Position:						
Net Investment in capital assets	\$ 91,172,798	\$ 92,304,493	\$ 166,646	\$ 168,619	\$ 91,339,444	\$ 92,473,112
Restricted	1,853,004	1,130,649	-	-	1,853,004	1,130,649
Unrestricted	18,581,076	16,378,231	(132,911)	(126,453)	18,448,165	16,251,778
Total Net Position	\$ 111,606,878	\$ 109,813,373	\$ 33,735	\$ 42,166	\$ 111,640,613	\$ 109,855,539

The largest portion of Falls Township's net position, 81.8%, 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, 1.66%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$18,448,165, may be used to meet the government's ongoing obligations to citizens and creditors of the Township.

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

CHANGES IN NET POSITION

Governmental activities

Governmental activities increased Falls Township's net position by \$1,793,505 for the year ended December 31, 2017, a sharp turn-around from a decrease of \$3,910,679 for the year ended December 31, 2016. The recovery of cash reserves in 2017 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 \$8,431 for the year ended December 31, 2017 in addition to the decrease in net position by \$23,983 in the prior year. These activities represent ongoing operations at the Pinewood Pool for 2017.

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.

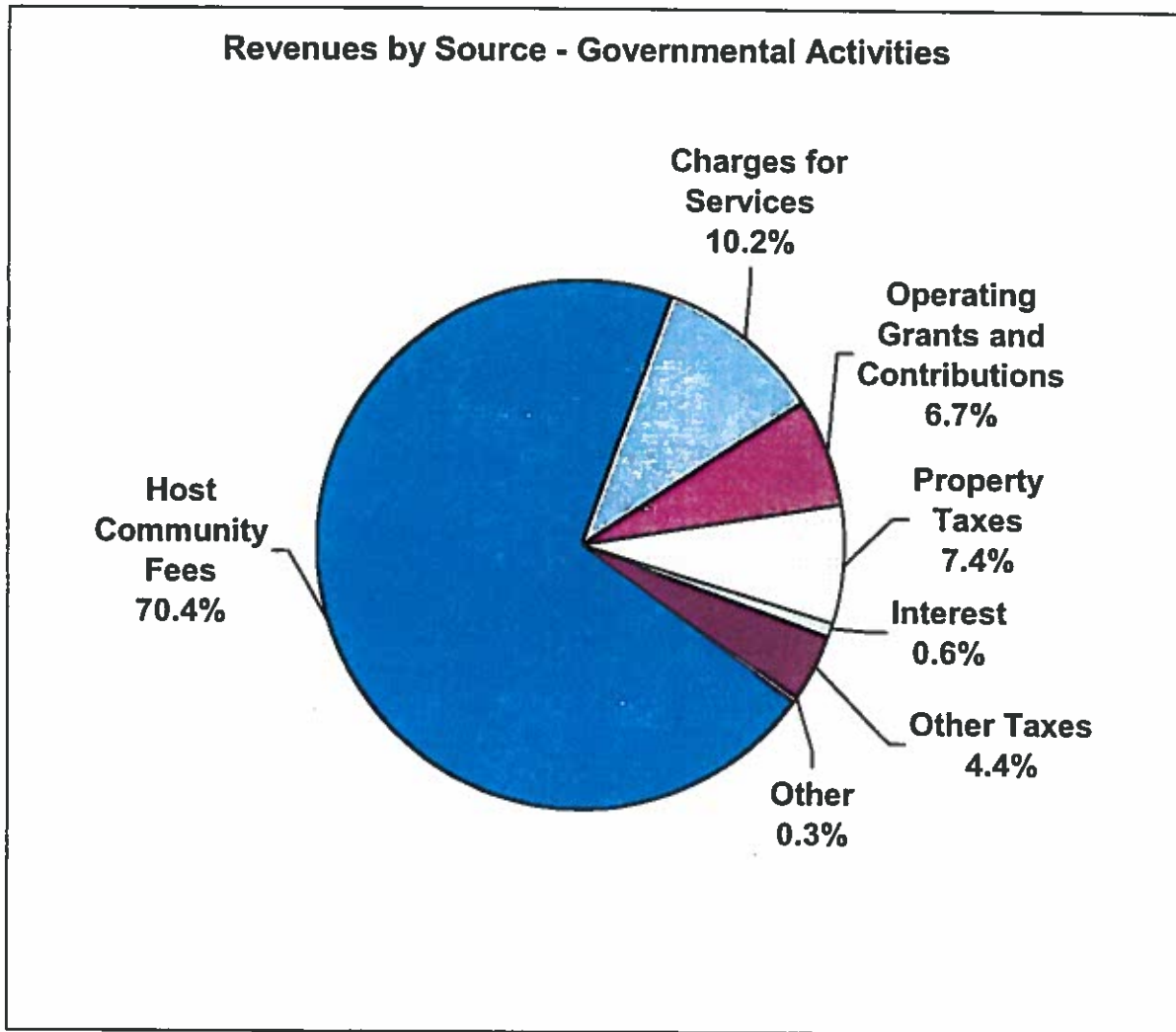
The following table takes the information from the Statement of Activities and rearranges it slightly, so you can see the Township's total revenues for the year ended December 31, 2017 compared to the prior year's figures.

**FALLS TOWNSHIP
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for Services	\$ 3,132,074	\$ 3,128,987	\$ 178,392	\$ 177,272	\$ 3,310,466	\$ 3,306,259
Operating Grants and Contributions	2,063,823	1,903,498	-	-	2,063,823	1,903,498
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,284,653	2,261,598	-	-	2,284,653	2,261,598
Other taxes	1,364,719	1,370,400	-	-	1,364,719	1,370,400
Host Community Fees	21,706,453	15,256,922	-	-	21,706,453	15,256,922
Other	260,384	305,875	-	-	260,384	305,875
Total Revenues	30,812,106	24,227,280	178,392	177,272	30,990,498	24,404,552
EXPENSES:						
General Government	2,777,044	2,526,600			2,777,044	2,526,600
Public Safety	18,450,556	18,063,659			18,450,556	18,063,659
Highway and Streets	6,143,092	5,964,181			6,143,092	5,964,181
Culture and Recreation	1,647,909	1,583,519			1,647,909	1,583,519
Pinewood Pool	-	-	186,823	201,255	186,823	201,255
Total Expenses	29,018,601	28,137,959	186,823	201,255	29,205,424	28,339,214
Change in net position before transfers	1,793,505	(3,910,679)	(8,431)	(23,983)	1,785,074	(3,934,662)
Transfers	-	-	-	-	-	-
Change in Net Position	1,793,505	(3,910,679)	(8,431)	(23,983)	1,785,074	(3,934,662)
Net Position, Beginning	109,813,373	113,724,052	42,166	66,149	109,855,539	113,790,201
Net Position, Ending	\$ 111,606,878	\$ 109,813,373	\$ 33,735	\$ 42,166	\$ 111,640,613	\$ 109,855,539

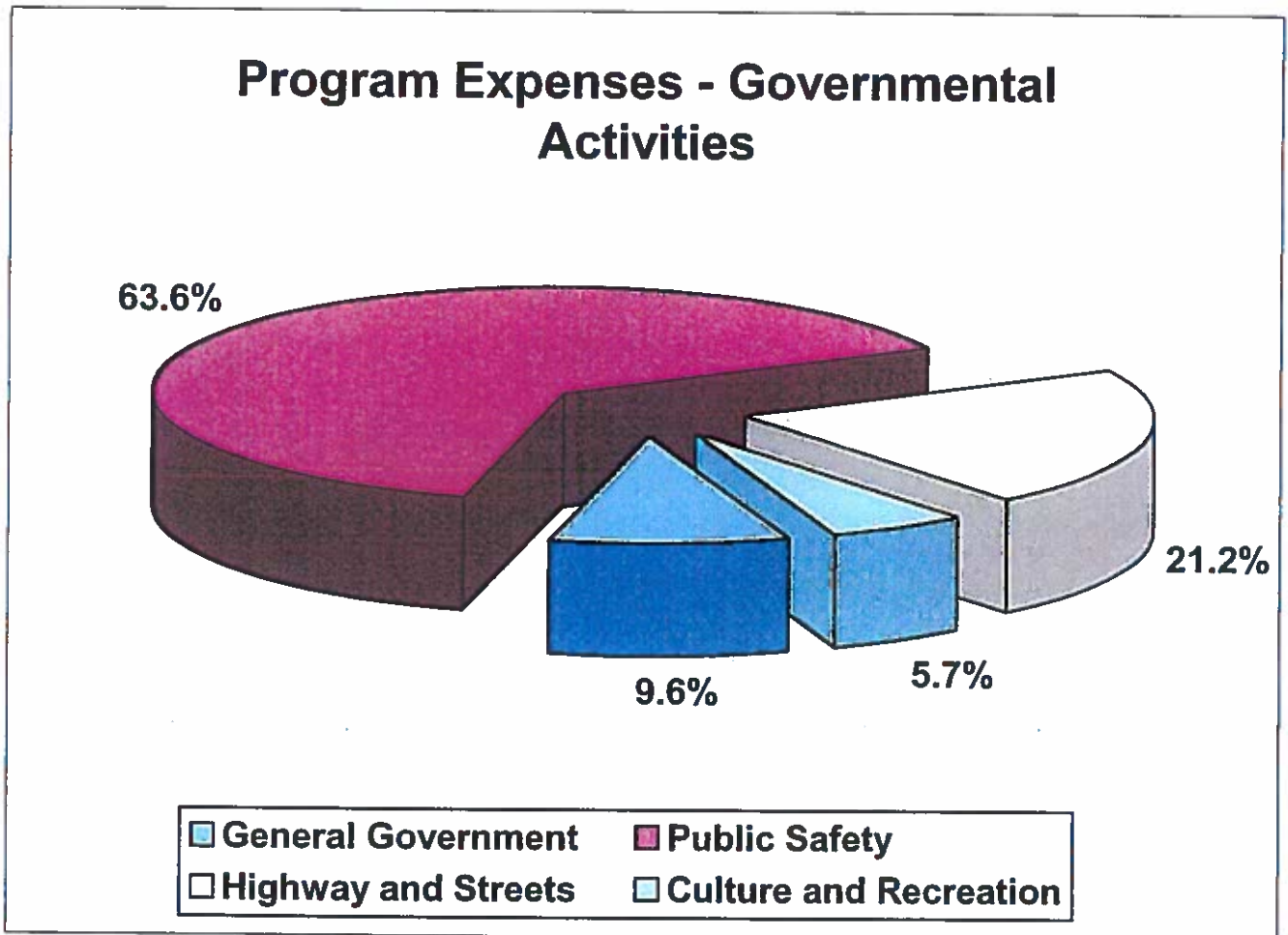
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2017:



Of the total Government-wide revenues of \$30,812,106, \$21,706,453 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 \$3,132,074 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,284,653, Other Taxes brought in \$1,364,719, Operating Grants and Contributions added \$2,063,823, Interest Earnings netted \$182,793, and Other (miscellaneous) revenues were \$77,591.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2017:

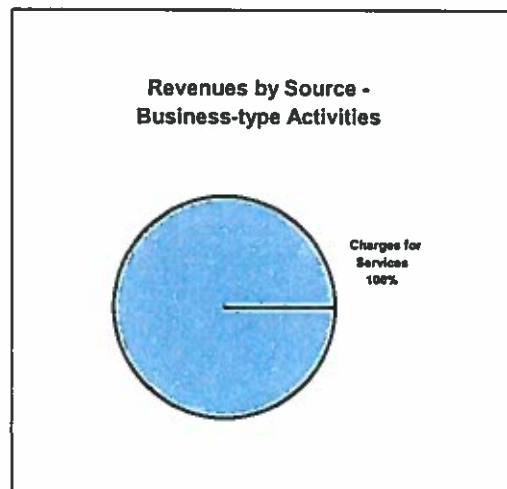
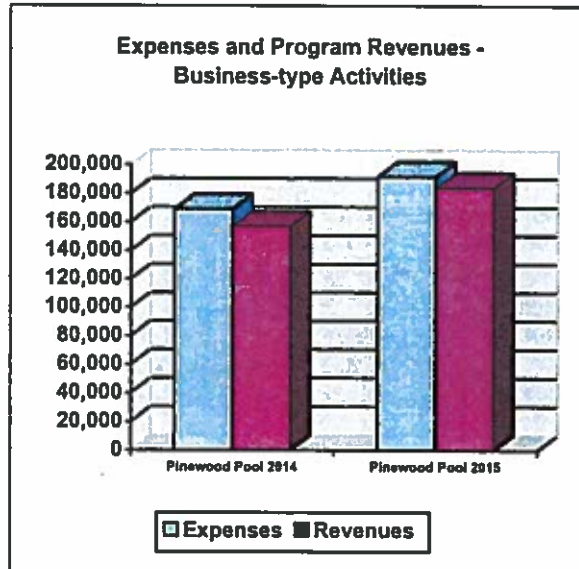


Most of the expenses that occurred in the year 2017 were related to Public Safety. Public Safety expenses were \$18,450,556. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,143,092 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 \$1,647,909 which includes maintenance/upgrades at over 16 parks including the Falls Township Community Park. General Government expenses were \$2,777,044 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 \$8,431. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$8,431 in 2017. The Pool underwent a reconstruction in 2003 and was reopened to the public in 2004. 2017 was the fourteenth 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 closing 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 \$41,225,865 an increase of \$3,492,807 compared to the previous year. Of the combined fund balance total: \$32,164,898 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$6,712,355 is assigned for specific purposes; \$1,853,004 is restricted for particular purposes; and, the remaining \$495,608 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 \$32,186,591 while total fund balance reached \$37,225,919. 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 \$24,440,104. The total fund balance of Falls Township's general fund increased \$2,853,939 during 2017. This is the result of an increase in total revenues of over \$6.5 million primarily due to higher income from Waste Management for tipping fees at the new Fairless Landfill. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes. The higher income was also able to offset the increase in General Fund expenditures of just over \$2.8 million, spent 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 2017, the assigned and total fund balance was \$2,150,376. This is a decrease in the amount of \$77,568. 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 2017, the net position was \$33,735. This represents a decrease of \$8,431 over the prior year. Expenses continue to outpace revenues at the community pool, but at a much slower pace. The Township strives to offer a state of the art facility at an affordable rate for our residents.

General Fund Budgetary Highlights

No differences between the original budget and the final amended budget occurred during the year. Some of the highlights of the comparison between the original budget and actual were as follows. Overall, total revenues were over budget by \$3,162,649 for 2017. The single largest contributing factor was Host Community Fees revenue coming in over budget by \$3,218,753. Similarly high tipping fee revenues are projected by Waste Management for fiscal year 2018. Total expenditures for the year were under budget by a total of \$16,235,272. The greatest savings occurred in expenditures for Capital Outlays with General Government under budget by \$14,841,098, Public Safety under budget by \$205,872, Public Works under budget by \$788,655, and Culture and Recreation under budget by \$1,119,320. Many of the budgeted projects not completed in 2017 have been carried forward to the 2018 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, 2017, amount to \$91,339,444 (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 2017 included the following:

The purchase of three new vehicles, a 2017 Ford F-350 with plow, a 2017 Ford F-350 Super Cab, and a 2017 Ford F-450 for the Public Works Department at a cost of \$128,771.

The purchase of a 2018 Expedition for the Fire Marshal's Office at a cost of \$44,853.

Road improvements for various roads in the Township amounting to \$1,932,109 in construction and engineering costs. Also improving our roadways were continuing upgrades to Township traffic signals at a cost of \$7,303.

Park improvements in the form of engineering and construction of a new fishing pier and the replacement of the Vermilion Hills footbridge totaled \$388,527; the purchase of two Exmark mowers and a Toro 192" width mower for the Public Works Department cost \$106,346.

Capital purchases for the Police Department, including six new vehicles totaling \$219,855.

FALLS TOWNSHIP Capital Assets (net of accumulated depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Construction in Progress	889,354	573,516	-	-
Building and System	2,352,448	2,565,850	-	-
Improvements other than Building	1,652,179	1,847,111	-	-
Machinery and Equipment	1,634,269	1,746,287	3,946	5,919
Infrastructure	68,183,622	69,110,803	-	-
	<u>\$ 91,172,798</u>	<u>\$ 92,304,493</u>	<u>\$ 166,646</u>	<u>\$ 168,619</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. Waste Management has projected that tonnages will remain high netting Falls Township revenues of just under \$19 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 2017 in an effort to control costs. Pool membership registrations and program income increased in 2017. 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 year 2016 or 2017, and no transfer has been budgeted for 2018.

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 2018.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash & cash equivalents	\$ 19,789,371	\$	\$ 19,789,371
Investments	20,617,464		20,617,464
Taxes receivable	92,865		92,865
Accounts receivable (net of allowance for uncollectibles)	2,325,856		2,325,856
Prepaid assets	495,608		495,608
Total Current Assets	43,321,164	-	43,321,164
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Construction in progress	889,354		889,354
Buildings and systems	2,352,448		2,352,448
Infrastructure	68,183,622		68,183,622
Improvements other than buildings	1,652,179		1,652,179
Machinery, equipment, and vehicles	1,634,269	3,946	1,638,215
Total Capital Assets	91,172,798	166,646	91,339,444
TOTAL ASSETS	134,493,962	166,646	134,660,608
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,698,943		1,698,943
LIABILITIES			
Current Liabilities:			
Accounts payable	286,524		286,524
Accrued salary and benefits	155,377	253	155,630
Unearned revenue	180,140		180,140
Deposits	798,262		798,262
Internal balances	(132,658)	132,658	-
Portion due or payable within one year			
Compensated absences	662,212		662,212
Total Current Liabilities	1,949,857	132,911	2,082,768
Long-term Liabilities:			
Portion due or payable after one year			
Compensated absences	1,057,085		1,057,085
Net pension liability	17,896,714		17,896,714
Other post-employment benefits	3,682,371		3,682,371
Total Long-term Liabilities	22,636,170	-	22,636,170
TOTAL LIABILITIES	24,586,027	132,911	24,718,938
NET POSITION			
Investment in capital assets	91,172,798	166,646	91,339,444
Restricted for			
Recycling expenditures	448,500		448,500
Parks and recreation	150,597		150,597
Rescue squad	5,429		5,429
Crime prevention	62,808		62,808
Fire hydrant	56,311		56,311
Highway aid	929,108		929,108
Street lighting	200,251		200,251
Unrestricted	18,581,076	(132,911)	18,448,165
TOTAL NET POSITION	\$ 111,606,878	\$ 33,735	\$ 111,640,613

TOWNSHIP OF FALLS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,777,044	\$ 1,168,042	\$ 633,179	\$ -	\$ (975,823)	\$ -	\$ (975,823)
Public safety	18,450,556	1,710,954	263,627	-	(16,475,975)	-	(16,475,975)
Public works - highways and streets	6,143,092	49,849	1,160,217	-	(4,933,026)	-	(4,933,026)
Culture and recreation	1,647,909	203,229	6,800	-	(1,437,880)	-	(1,437,880)
TOTAL GOVERNMENTAL ACTIVITIES	29,018,601	3,132,074	2,063,823	-	(23,822,704)	-	(23,822,704)
BUSINESS-TYPE ACTIVITIES							
Pinewood Pool	186,823	178,392	-	-	(8,431)	-	(8,431)
TOTAL BUSINESS-TYPE ACTIVITIES	186,823	178,392	-	-	(8,431)	-	(8,431)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 29,205,424	\$ 3,310,466	\$ 2,063,823	\$ -	(23,822,704)	(8,431)	(23,831,135)
GENERAL REVENUES							
Property taxes, levied for general purposes					2,284,653		2,284,653
Real estate transfer taxes					843,218		843,218
Local services taxes					399,195		399,195
Mechanical device tax					34,201		34,201
Other taxes					13,105		13,105
Payment in lieu of taxes					75,000		75,000
Contributions not restricted to specific programs					21,706,453		21,706,453
Interest earnings					182,793		182,793
Miscellaneous revenues					77,591		77,591
TOTAL GENERAL REVENUES AND TRANSFERS					25,616,209	-	25,616,209
CHANGE IN NET POSITION					1,793,505	(8,431)	1,785,074
NET POSITION AT BEGINNING OF YEAR					109,813,373	42,166	109,855,539
NET POSITION AT END OF YEAR					\$ 111,606,878	\$ 33,735	\$ 111,640,613

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 14,310,845	\$ 3,541,103	\$ 1,937,423	\$ 19,789,371
Investments	20,617,464			20,617,464
Accounts receivable (net of allowance for uncollectibles)	2,325,855	1		2,325,856
Taxes receivable	33,865		59,000	92,865
Interfund receivable	747,224		214	747,438
Prepaid items	477,349		18,259	495,608
TOTAL ASSETS	\$ 38,512,602	\$ 3,541,104	\$ 2,014,896	\$ 44,068,602
LIABILITIES				
Accounts payable	\$ 221,947	\$ 2,200	\$ 62,377	\$ 286,524
Deposits	3,423	794,589	250	798,262
Interfund payable	89	593,939	20,752	614,780
Salaries and benefits payable	791,211		26,378	817,589
Unearned revenue	228,944			228,944
TOTAL LIABILITIES	1,245,614	1,390,728	109,757	2,746,099
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - real estate taxes	31,898		55,569	87,467
Unavailable revenue - other	9,171			9,171
TOTAL DEFERRED INFLOWS OF RESOURCES	41,069	-	55,569	96,638
FUND BALANCES				
Nonspendable:				
Prepaid items	477,349		18,259	495,608
Restricted for:				
Recycling expenditures				
Parks and recreation			448,500	448,500
Rescue squad			150,597	150,597
Crime prevention			5,429	5,429
Fire hydrant			62,808	62,808
Highway aid			56,311	56,311
Street lighting			929,108	929,108
Assigned to:			200,251	200,251
Capital projects	4,561,979	2,150,376		6,712,355
Unassigned	32,186,591		(21,693)	32,164,898
TOTAL FUND BALANCES	37,225,919	2,150,376	1,849,570	41,225,865
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 38,512,602	\$ 3,541,104	\$ 2,014,896	\$ 44,068,602

TOWNSHIP OF FALLS

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

DECEMBER 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$ 41,225,865
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 \$160,635,634 and the accumulated depreciation is \$69,462,836	91,172,798
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	145,442
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	1,698,943
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	(3,682,371)
Net pension liability	(17,896,714)
Compensated absences	<u>(1,057,085)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 111,606,878</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 827,813	\$ -	\$ 1,444,735	\$ 2,272,548
Real estate transfer	843,218			843,218
Local services	396,014			396,014
Mechanical device	34,201			34,201
Motor fuel tax	27,320		901,513	901,513
Payment in lieu of taxes	21,706,453		47,679	21,706,453
Host community fees	868,497			868,497
Licenses and permits	233,942			233,942
Fines and forfeits	160,851	13,952		182,794
Interest earnings	30,672		7,991	39,427
Rent	902,876		8,755	1,126,259
Intergovernmental	1,776,293		223,383	1,979,522
Charges for services	21,162		203,229	1,979,522
Contributions and donations	84,731	456	47,044	68,206
Refunds of prior years				85,187
TOTAL REVENUES	27,914,043	14,408	2,884,329	30,812,780
EXPENDITURES				
Current				
General government	2,454,777	70,458	-	2,525,235
Public safety	16,388,411		1,249,270	17,637,681
Public works - highways and streets	2,393,444	5,101	622,245	3,020,790
Culture and recreation	221,807	5,174	866,378	1,093,359
Capital outlay				
General government	203,902	11,243		215,145
Public safety	264,707		50,000	264,707
Public works - highways and streets	2,124,529			2,174,529
Culture and recreation	388,527			388,527
TOTAL EXPENDITURES	24,440,104	91,976	2,787,893	27,319,973
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,473,939	(77,568)	96,436	3,492,807
OTHER FINANCING SOURCES (USES)				
Transfers in			620,000	620,000
Transfers out	(620,000)		-	(620,000)
TOTAL OTHER FINANCING SOURCES (USES)	(620,000)	-	620,000	-
NET INCREASE (DECREASE) IN FUND BALANCES	2,853,939	(77,568)	716,436	3,492,807
FUND BALANCES AT BEGINNING OF YEAR	34,371,980	2,227,944	1,133,134	37,733,058
FUND BALANCES, ENDING	\$ 37,225,919	\$ 2,150,376	\$ 1,849,570	\$ 41,225,865

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,492,807
<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	2,986,474
Depreciation expense	(4,118,168)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(673)
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	(60,434)
<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>	(102,672)
<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>(403,829)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,793,505</u></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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 866,629	\$ 866,629	\$ 827,813	\$ (38,816)
Real estate transfer	650,000	650,000	843,218	193,218
Local services	400,000	400,000	396,014	(3,986)
Mechanical device	32,000	32,000	34,201	2,201
Payment in lieu of taxes	27,320	27,320	27,320	-
Host community fees	18,487,700	18,487,700	21,706,453	3,218,753
Licenses and permits	877,245	877,245	868,497	(8,748)
Fines and forfeits	182,000	182,000	233,942	51,942
Interest earnings	202,700	202,700	160,851	(41,849)
Rents	33,200	33,200	30,672	(2,528)
Intergovernmental	1,519,000	1,519,000	902,876	(616,124)
Charges for services	1,438,600	1,438,600	1,776,293	337,693
Contributions and donations	-	-	21,162	21,162
Refunds of prior years	35,000	35,000	84,731	49,731
TOTAL REVENUES	24,751,394	24,751,394	27,914,043	3,162,649
EXPENDITURES				
Current				
General government				
Supervisors	36,293	36,293	37,927	(1,634)
Manager	451,026	451,026	462,062	(11,036)
Finance and administration	612,158	612,158	602,546	9,612
Attorney	357,000	357,000	324,732	32,268
Other	1,012,893	1,012,893	1,027,510	(14,617)
Total general government	<u>2,469,370</u>	<u>2,469,370</u>	<u>2,454,777</u>	<u>14,593</u>
Public safety				
Police	14,374,264	14,374,264	14,551,660	(177,396)
Fire	579,903	579,903	570,712	9,191
Code Enforcement	1,236,793	1,236,793	1,266,039	(29,246)
Total public safety	<u>16,190,960</u>	<u>16,190,960</u>	<u>16,388,411</u>	<u>(197,451)</u>
Public works				
Highways and streets	2,050,336	2,050,336	2,393,444	(343,108)
Total public works	<u>2,050,336</u>	<u>2,050,336</u>	<u>2,393,444</u>	<u>(343,108)</u>
Total culture and recreation	<u>28,100</u>	<u>28,100</u>	<u>221,807</u>	<u>(193,707)</u>
Capital outlay				
General government	15,045,000	15,045,000	203,902	14,841,098
Public safety	470,579	470,579	264,707	205,872
Public works - highway and streets	2,913,184	2,913,184	2,124,529	788,655
Culture and recreation	1,507,847	1,507,847	388,527	1,119,320
Total capital outlay	<u>19,936,610</u>	<u>19,936,610</u>	<u>2,981,665</u>	<u>16,954,945</u>
TOTAL EXPENDITURES	40,675,376	40,675,376	24,440,104	16,235,272
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,923,982)	(15,923,982)	3,473,939	19,397,921
OTHER FINANCING SOURCES (USES)				
Transfers out	(620,000)	(620,000)	(620,000)	-
Sale of assets	1,000	1,000	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	(619,000)	(619,000)	(620,000)	(1,000)
NET INCREASE (DECREASE) IN FUND BALANCE	(16,542,982)	(16,542,982)	2,853,939	19,396,921
FUND BALANCE, BEGINNING	33,800,998	33,800,998	34,371,980	570,982
FUND BALANCE, ENDING	\$ 17,258,016	\$ 17,258,016	\$ 37,225,919	\$ 19,967,903

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	<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	3,946	5,919
TOTAL CAPITAL ASSETS	<u>166,646</u>	<u>168,619</u>
TOTAL ASSETS	<u>166,646</u>	<u>168,619</u>
LIABILITIES		
Current liabilities		
Interfund payable	132,658	126,161
Salaries and benefits payable	253	292
TOTAL CURRENT LIABILITIES	<u>132,911</u>	<u>126,453</u>
NET POSITION		
Investment in capital assets	166,646	168,619
Unrestricted	<u>(132,911)</u>	<u>(126,453)</u>
TOTAL NET POSITION	<u>\$ 33,735</u>	<u>\$ 42,166</u>

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
	OPERATING REVENUES	
Charges for sales and services		
Pool memberships	\$ 174,010	\$ 157,603
Concession income	4,382	19,669
TOTAL OPERATING REVENUES	178,392	177,272
OPERATING EXPENSES		
Costs of sales and services	150,863	166,381
Administration	33,987	32,901
Depreciation on capital assets	1,973	1,973
TOTAL OPERATING EXPENSES	186,823	201,255
CHANGE IN NET POSITION	(8,431)	(23,983)
NET POSITION, BEGINNING	42,166	66,149
NET POSITION, ENDING	\$ 33,735	\$ 42,166

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<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	\$ 178,392	\$ 177,272
Payments to suppliers	(63,973)	(75,681)
Payments to employees	(120,916)	(123,463)
NET CASH USED IN OPERATING ACTIVITIES	<u>(6,497)</u>	<u>(21,872)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	6,497	21,872
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>6,497</u>	<u>21,872</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (8,431)	\$ (23,983)
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	(39)	138
TOTAL ADJUSTMENTS	<u>1,934</u>	<u>2,111</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (6,497)</u>	<u>\$ (21,872)</u>

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2017

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 10,283,997	\$ 3,255,404
Receivables	307,862	
Accounts receivable		1,704
Investment, at fair value		
Common stock, mutual funds	<u>20,514,329</u>	
TOTAL ASSETS	31,106,188	<u><u>\$ 3,257,108</u></u>
LIABILITIES		
Payables	<u>20,126</u>	
Escrow deposits		<u><u>\$ 3,257,108</u></u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 31,086,062</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, 2017

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 2,076,934
Plan member	353,703
Commonwealth	633,179
Total Contributions	<u>3,063,816</u>
Investment Income	
Dividend income	510,580
Net appreciation (depreciation) in fair value of investments	<u>2,386,235</u>
Total investment income	2,896,815
Less: investment expenses	<u>77,172</u>
Net investment income	<u>2,819,643</u>
TOTAL ADDITIONS	<u><u>5,883,459</u></u>
DEDUCTIONS	
Benefits	2,475,449
Reimbursements	5,376
Administrative expenses	<u>20,941</u>
Total deductions	<u>2,501,766</u>
Change in Net Position	3,381,693
NET POSITION BEGINNING OF YEAR	<u>27,704,369</u>
NET POSITION END OF YEAR	<u><u>\$ 31,086,062</u></u>

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

The Township has followed the guidelines of the Governmental Accounting Standards Board's Statement No. 61 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

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

B. Government-wide and Fund Financial Statements

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

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

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

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

The Township reports the following major governmental funds:

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

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

The Township reports the following major proprietary fund:

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Additionally, the Township reports the following Fiduciary funds:

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

2. Receivables and Payables

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

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

3. Prepaid Items

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

4. Capital Assets

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

The Township defines capital assets as assets with an estimated useful life in excess of two years and an initial, individual cost greater than \$5,000. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Infrastructure includes retroactive reporting of assets prior to June 30, 1980.

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

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

4. Capital Assets, continued

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

	<u>Years</u>
Buildings and improvements	25
Land Improvements	10
Infrastructure - Roads	40
Infrastructure – Street Light Poles	50
Infrastructure – Street Lights	10
Vehicles	6
Machinery and equipment	8

5. Compensated Absences

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

6. Long-Term Obligations

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

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

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

8. Comparative data

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

9. Net Position

Net position is considered restricted if the use is constrained to a particular purpose. The government-wide statement of net position reports \$1,853,004 of restricted net position, \$5,429 is restricted by enabling legislation.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

10. Fund Equity

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

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

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

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

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

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

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

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

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Encumbrance accounting is employed in governmental funds. All encumbrances are liquidated at year end.

B. Excess of Expenditures over Appropriations

For the year end December 31, 2017, expenditures exceeded appropriations in the following funds. These over-expenditures were funded by interfund transfers and available fund balances.

<u>Fund</u>	<u>Excess</u>
Rescue Squad Fund	\$ 152

C. Deficit Fund Balance

At December 31, 2017, the nonmajor special revenue funds have deficit fund balances as follows: Fire Protection - \$20,511 and Library \$1,182. These deficits will be eliminated through a combination of increased revenues, decreased expenditures, and interfund transfers.

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under Act No. 72 enacted by the general assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Depository Insurance Corporation. The uninsured deposits, (as defined by Statement No. 40 of the Government Accounting Standards Board) of the Township in the amount of \$7,184,336 were collateralized by this pool of assets maintained by the Township's depository institutions.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2017, \$7,184,336 of the Township's bank balance of \$8,615,679 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$7,184,336
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State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy; measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Information related to the Township's investments measured at fair value on a recurring basis at December 31, 2017, is as follows:

Government-Wide Investments (not including Fiduciary):

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PA Local Government Investment Trust	\$ 7,698,507	\$ 7,698,507	\$	\$
PA Treasury Invest Community Pool	36,980	36,980		
First National Bank Money Market	810,771	810,771		
SEI Government Fund	1,619,258	1,619,258		
Federal Home Loan Mortgage Corp	6,299,495		6,299,495	
Federal Home Loan Bank	2,275,609		2,275,609	
Federal National Mortgage Association	6,207,000		6,207,000	
Federal Farm Credit Banks	1,841,000		1,841,000	
United States Treasury Notes	3,994,360	3,994,360		
	\$ 30,782,980	\$ 14,159,876	\$ 16,623,104	\$ -

Fiduciary Investments:

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 20,514,329	\$ 20,514,329		
PA Local Government Investment Trust	10,283,997	10,283,997		
	\$ 30,798,326	\$ 30,798,326	\$ -	\$ -

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Township has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2017, the Township’s investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
PA Local Government Investment Trust	AA+ / A-1+
PA Treasury Invest Community Pool	AAA
Federal Home Loan Mortgage Corp	Unavailable
Federal Home Loan Bank	Unavailable
Federal National Mortgage Association	Unavailable
Federal Farm Credit Banks	Unavailable
Bond Mutual Funds	B,BB,A

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

<u>Investment</u>	<u>Fair Value</u>	<u>Percent of total Government Wide Investments</u>
Federal Home Loan Mortgage Corp	\$ 6,299,495	20%
Federal Home Loan Bank	2,275,609	7%
Federal National Mortgage Association	6,207,000	20%
Federal Farm Credit Banks	1,841,000	6%
United States Treasury Notes	3,994,360	13%

Interest Rate Risk. Interest Rate risk is the risk that changes in interest rates will adversely affect an investment’s value. The Township does not have a formal policy regarding interest rate risk. As of December 31, 2017, the Township’s investments had the following weighted average maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Mortgage Corp	\$ 6,299,495	1.62
Federal Home Loan Bank	2,275,609	1.53
Federal National Mortgage Association	6,207,000	1.51
Federal Farm Credit Banks	1,841,000	0.29
Bond Mutual Funds	3,786,051	Less than 1
Bond Mutual Funds	1,391,652	6 - 10
Bond Mutual Funds	2,417,534	not available

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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

B. Receivables

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

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 33,865	\$ -	\$ 59,000	\$ -	\$ 92,865
Accounts/other	2,545,490	1	-	309,566	2,855,057
Gross receivables	2,579,355	1	59,000	309,566	2,947,922
Less: allowance for uncollectibles	(219,635)	-	-	-	(219,635)
Total net receivables	<u>\$ 2,359,720</u>	<u>\$ 1</u>	<u>\$ 59,000</u>	<u>\$ 309,566</u>	<u>\$ 2,728,287</u>

C. Unearned/Unavailable Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 31,898	\$
Delinquent property taxes receivable - special revenue funds	55,569	-
Accounts receivable, not available	9,171	-
Accounts receivable, unearned	-	228,944
Total Governmental unearned/unavailable revenue	<u>\$ 96,638</u>	<u>\$ 228,944</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets

Capital asset activity for the year ended December 31, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 16,460,926	\$	\$	\$ 16,460,926
Construction in progress	573,516	315,838		889,354
Total capital assets not being depreciated	<u>17,034,442</u>	<u>315,838</u>	<u>-</u>	<u>17,350,280</u>
Capital Assets being depreciated				
Buildings	5,953,049	11,242		5,964,291
Improvements other than buildings	15,324,061	276,591		15,600,652
Machinery, equipment, and vehicles	8,883,459	499,824	186,825	9,196,458
Infrastructure	110,584,540	1,939,412		112,523,952
Total capital assets being depreciated	<u>140,745,109</u>	<u>2,727,069</u>	<u>186,825</u>	<u>143,285,353</u>
Less accumulated depreciation for:				
Buildings	3,387,199	224,644		3,611,843
Improvements other than buildings	13,476,950	471,523		13,948,473
Machinery, equipment, and vehicles	7,137,172	555,409	130,392	7,562,189
Infrastructure	41,473,737	2,866,593		44,340,330
Total accumulated depreciation	<u>65,475,058</u>	<u>4,118,169</u>	<u>130,392</u>	<u>69,462,835</u>
Total capital assets being depreciated, net	<u>75,270,051</u>	<u>(1,391,100)</u>	<u>56,433</u>	<u>73,822,518</u>
Governmental activities capital assets, net	<u>\$ 92,304,493</u>	<u>\$ (1,075,262)</u>	<u>\$ 56,433</u>	<u>\$ 91,172,798</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 162,700	\$	\$	\$ 162,700
Capital Assets being depreciated				
Machinery and equipment	19,730			19,730
Less accumulated depreciation for:				
Machinery and equipment	13,811	1,973		15,784
Business-type activities capital assets, net	<u>\$ 168,619</u>	<u>\$ (1,973)</u>	<u>\$ -</u>	<u>\$ 166,646</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets, continued

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

Governmental Activities:

General government	\$	173,751
Public safety		305,134
Public works		3,086,498
Culture and recreation		<u>552,786</u>
Total depreciation expense - governmental activities	\$	<u>4,118,169</u>

Depreciation expense for business-type activities was \$1,973.

E. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at December 31, 2017:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 747,224	\$ 89
Capital Reserve	-	593,939
Pool Fund	-	132,658
Nonmajor Funds	<u>214</u>	<u>20,752</u>
	<u>\$ 747,438</u>	<u>\$ 747,438</u>

The amounts payable for the Pool Fund and Nonmajor Funds are recorded to eliminate negative cash balances in those funds. Other amounts payable represent reimbursable expenses paid on behalf of one fund by another fund of Falls Township.

Interfund transfers for the year ended December 31, 2017, consisted of the following:

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 620,000	\$ -
Nonmajor Funds	<u>-</u>	<u>620,000</u>
	<u>\$ 620,000</u>	<u>\$ 620,000</u>

Transfers to other funds represents unrestricted revenues collected in the General Fund to finance the Township's Crime Prevention Program (DARE) Fund and Parks and Recreation Fund.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
Governmental Activities					
Other Post-employment benefits	\$ 3,278,542	\$ 888,156	\$ 484,327	\$ 3,682,371	\$ -
Compensated Absences	<u>1,613,158</u>	<u>182,836</u>	<u>76,697</u>	<u>1,719,297</u>	<u>662,212</u>
Total Governmental Activities	<u>\$ 4,891,700</u>	<u>\$ 1,070,992</u>	<u>\$ 561,024</u>	<u>\$ 5,401,668</u>	<u>\$ 662,212</u>

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

4. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to third party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, and injuries to employees. As a method of financing the risk, the Township purchases commercial insurance. The Township participates in the Delaware Valley Worker's Compensation Trust. The amount of settlement did not exceed insurance coverage for the past three years. There have been no significant reductions in insurance coverage during the year ended December 31, 2017.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial. The Township is a defendant in several lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of Township Management, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

C. Financial Guarantee

The Township has entered into a Guarantee Agreement dated September 1, 2011, as authorized pursuant to the Debt Act, to guarantee the full and prompt payment of the Township of Falls Authority's Guaranteed Water & Sewer Revenue Bonds series 2011. The Township of Falls Authority was created pursuant to an ordinance enacted by the Board of Supervisors of the township and the Township appoints the members of the Authority Board. The guarantee extends through December 31, 2017, and the current amount outstanding is \$29,925,600 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

C. Financial Guarantee, continued

The Township has entered into a Supplemental Guarantee Agreement dated May 4, 2016, as authorized pursuant to the Debt Act, to guarantee the full and prompt payment of the Township of Falls Authority's Guaranteed Water & Sewer Revenue Bonds series 2016. The Township of Falls Authority was created pursuant to an ordinance enacted by the Board of Supervisors of the township and the Township appoints the members of the Authority Board. The guarantee extends through December 31, 2017, and the current amount outstanding is \$2,965,872 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

D. Other Post-employment Benefits

Plan Description: The Township provides postemployment healthcare benefits in a single-employer plan, as per the requirements of local ordinances, for certain retired police officers, public works employees, and AFSCME union members. The Township pays; \$2,400 to \$16,800 per year for the premiums of healthcare coverage for police officers who retire with 25 years of full-time service or become disabled; \$3,600 per year for AFSCME members with no minimum eligibility requirements; and \$4,800 to \$6,000 per year for Public works employees with no minimum eligibility requirements. The Township calculates its actuarial valuation once every three years, as required. Separate financial statements are not issued for the plan.

Funding Policy: The Township has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2017 year, 40 eligible retirees received postemployment health care benefits. The Township provided age-adjusted contributions of \$484,327 toward the annual OPEB cost. Required contributions are based on projected age-adjusted pay-as-you-go financing.

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

<u>Description</u>	
Normal cost (service cost for one year)	\$ 168,280
Interest on Normal Cost	38,104
Amortization of Unfunded Actuarial Accrued Liability	<u>784,325</u>
Annual Required Contribution (ARC)	990,709
Interest on net OPEB Obligation	131,142
Adjustment to Annual Required Contribution	<u>(233,695)</u>
Annual OPEB Cost (expense)	888,156
Contributions toward the OPEB Cost	<u>(484,327)</u>
Increase in Net OPEB Obligation	403,829
Net OPEB Obligation, Beginning of Year	<u>3,278,542</u>
Net OPEB Obligation, End of Year	<u>\$ 3,682,371</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 845,288	44%	2,826,103
12/31/2016	864,140	48%	3,278,542
12/31/2017	888,156	55%	3,682,371

Funded Status and Funding Progress: As of January 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$11,443,561, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$11,443,561. The covered payroll (annual payroll of active participating employees) was \$8,950,071 for the 2017 year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 127.9 percent.

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

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

The Township’s OPEB actuarial valuation as of January 1, 2017 used the entry age normal actuarial cost method to estimate both the unfunded liability as of December 31, 2017 and to estimate the Township’s annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.0 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 6.25% initially for the 2018 year, decreasing by .25% per year to an ultimate level of 5%. There is no inflation rate increase or projected salary or post-retirement benefit increases. The amortization method for the unfunded actuarial liability is “level dollar amount”. The remaining amortization period at December 31, 2017 is 20 years, using level dollar open amortization.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans

The Township maintains a single-employer defined benefit pension plan that covers all of the Township's full-time sworn police officers, a cash balance defined benefit pension plan administered by the Pennsylvania Municipal Retirement System (PMRS) agent multiple-employer system for employees in the public works union, and a single-employer defined contribution pension plan that covers all other full-time employees.

Police Pension Plan

Plan Description

The Falls Township Police Pension Plan is a single-employer defined benefit plan covering the full-time police officers. The Plan was established effective January 1, 1969, is controlled by the provisions of Ordinance 93-5, which amended Chapter 72 of the Falls Township Code and was restated by Ordinance No. 2001-16, as amended. The Plan is governed by the Board of Township Supervisors, who has delegated the authority to manage Plan assets to SEI Investments Management Corporation. Complete financial statements may be obtained at the township building. A separate, audited GAAP-basis pension plan report is not issued.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 50 with 25 years of service
 - Early Retirement – None
 - Vesting – 100% after the completion of 12 years of vesting service
- *Retirement Benefit:* 50% of average salary during the last 36 months of employment, plus \$100 per month for each year of service in excess of 25 years, up to a maximum of \$500 per month.
- *Survivor Benefit:* Killed-in-service – 100% of salary. Post-retirement – 50% of retirement benefit; Vested – refund of contributions with interest or 50% of vested benefit payable beginning at officer's super-annuation retirement date.
- *Disability Benefit Service Related:* 50% of average 36 months compensation.
- *Post Retirement Adjustments:* Those members who begin retirement benefits on or after January 1, 1992 may be provided a C.O.L.A. in accordance with Act 600. In no such case shall the benefit exceed 75% of salary and the total C.O.L.A. shall not exceed 30%.
- *Pre Act 44 Deferred Retirement Option Program (DROP):* An active Member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months.
- *Member Contributions:* 5% contribution rate and 5% interest rate credited to member contributions.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Plan Membership

Membership of the plan consisted of the following at December 31, 2017:

Active Plan Members	46
Inactive Plan Members Currently Receiving Benefits	58
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>0</u>
Total	<u>104</u>

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time officers are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2017. The payment from the Commonwealth for State Aid is recognized as revenue in the General Fund and an expenditure to the Fiduciary Fund. The Township contributed State Aid of \$633,179 and Township contribution of \$1,956,735, into the plan for 2017.

Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allowable pension plan expenditures in accordance with act 205 and may be funded with Plan assets.

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2017 was determined as part of an actuarial valuations at January 1, 2017. Update procedures were used to roll forward January 1, 2017 liabilities to the plan's fiscal plan year ending December 31, 2017. The actuarial assumptions used in the January 1, 2017 valuation are as follows:

Actuarial assumptions:

Inflation rate	2.25%
Salary increases	5.00%
Investment rate of return	8.00%
Mortality rates	Blue Collar RP-2000 Mortality Table

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Based upon the Plan's current targeted investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Net Pension Liability	\$ 22,956,077	\$ 17,798,276	\$ 13,435,888

Long Term Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major class included in the Plan's target asset allocation as of December 31, 2017 are listed in the table below:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Large Cap Stocks	18.0%	8.11%
Domestic Mid/Small Cap Stocks	9.0%	8.08%
World Equity ex-US	18.0%	9.38%
Emerging Markets Equity	4.0%	11.46%
U.S. High Yield	4.0%	6.13%
Emerging Markets Debt	4.0%	7.45%
Dynamic Asset Allocation	7.0%	9.81%
Diversified ST Fixed Income	14.0%	3.55%
Core Fixed Income	22.0%	4.26%
Total Net Blended Return		6.32%

* Excludes 2.5% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 8.82%

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan

Plan Description

The Falls Township Non Uniform Defined Benefit Pension Plan is a single-employer defined benefit plan covering the full-time employees covered by the public works union in accordance with Ordinance No. 2010-01. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system with the purpose to administer sound, cost effective pensions for local government employees. PMRS was created by act of the Pennsylvania General Assembly in 1974 and is headquartered in Harrisburg, Pennsylvania. Responsibility for the organization and administration of the System is vested in the eleven-member PMRS Board. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the publications page of the PMRS website at www.pmrs.state.pa.us, or a copy can be obtained by contacting the PMRS accounting office at 717-787-2065.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 60
 - Early Retirement – Age 55 and 25 years of service
 - Vesting – 100% after the completion of 8 years of service
- *Retirement Benefit:* The member will receive an annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the accumulated municipal contributions and any member deductions, regular interest and all excess investment earnings credited to the member’s account.
- *Early Retirement:* Benefits will be actuarially reduced for each year or partial year thereof prior to age sixty (60) that early retirement takes place.
- *Member Contributions:* 5% contribution rate
- *Voluntary Member Contributions:* Up to 15%

Plan Membership

Membership of the plan consisted of the following at December 31, 2017:

Active Plan Members	16
Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>1</u>
Total	<u>18</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan, continued

Contributions and Funding Policy

Due to the plan design as a cash balance pension plan, there are no actuarially determined contributions for the plan. The statutorily required contribution is 5% of covered employee payroll.

As a condition of participation, full-time members of the public works union are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with the statutorily required contribution, the Township contributed \$63,258 to the Plan for the year 2017.

Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allocated by PMRS to each employer account pro-rata based on their beginning fiduciary net position.

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2017 was determined as part of an actuarial valuation at January 1, 2017. The measurement date for the net pension liability is December 31, 2016, which is no earlier than the end of the prior fiscal year. The actuarial assumptions used in the January 1, 2017 valuation are as follows:

Actuarial assumptions:	
Inflation rate	2.80%
Salary increases	3.30%
Investment rate of return	5.25%
Mortality rates	RP 2000 Mortality Table

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan, continued

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used by PMRS for each municipal plan, used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PMRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. PMRS is required by law to establish a discount rate equal to the regular interest rate. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Based upon the Plan's current targeted investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 5.25% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate.

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net Pension Liability	\$ 485,441	\$ 98,438	\$ (287,341)

Long Term Expected Rate of Return on Investments

An experience study of PMRS was conducted in July 2015. The PMRS System's long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. Expected future real rates of return are based primarily on the 20 year historic nominal rates assuming that investment expenses will be offset by the additional return performance derived from active investment management. The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 3% to produce the rates of return. Best-estimates for each major class included in the Plan's target asset allocation as of December 31, 2016 are listed in the table below:

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Benefit Pension Plan, continued

Long Term Expected Rate of Return on Investments, continued

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities Large Cap	25.0%	6.40%
Domestic Equities Mid/Small Cap	15.0%	7.00%
International Equities Developed Markets	15.0%	3.70%
International Equities Emerging Markets	10.0%	7.90%
Real Estate	20.0%	7.00%
Fixed Income	15.0%	2.40%
Total Net Blended Return		5.80%
Long Term Expected Rate of Return		7.50%

Police and Non Uniform Defined Benefit Pension Plans

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the Police Pension Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/16	\$ 44,730,001	\$ 25,723,978	\$ 19,006,023
Changes for the year:			
Service Cost	736,797	-	736,797
Interest	3,539,586	-	3,539,586
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(943,976)	-	(943,976)
Changes of Assumptions	926,401	-	926,401
Contributions - Employer	-	1,956,735	(1,956,735)
Contributions - State Aid	-	633,179	(633,179)
Contributions - Member	-	353,703	(353,703)
Net Investment Income	-	2,543,064	(2,543,064)
Benefit Payments	(2,408,790)	(2,408,790)	-
Administrative Expense	-	(20,126)	20,126
Other Changes	-	-	-
Net Changes	<u>1,850,018</u>	<u>3,057,765</u>	<u>(1,207,747)</u>
Balances at 12/31/17	<u>\$ 46,580,019</u>	<u>\$ 28,781,743</u>	<u>\$ 17,798,276</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police and Non Uniform Defined Benefit Pension Plans, continued

Changes in Net Pension Liability, continued

The following table shows the changes in net pension liability recognized over the measurement period for the Non Uniform Defined Benefit Pension Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/16	\$ 1,737,682	1,613,152	\$ 124,530
Changes for the year:			
Service Cost	136,023	-	136,023
Interest	98,040	-	98,040
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	168	-	168
Changes of Assumptions	1,770	-	1,770
Contributions - Employer	-	58,953	(58,953)
Contributions - PMRS assessment	-	20	(20)
Contributions - Member	-	77,070	(77,070)
Net Investment Income	-	131,230	(131,230)
Benefit Payments	(5,191)	(5,191)	-
Administrative Expense	-	(340)	340
Other Changes	-	(4,840)	4,840
Net Changes	230,810	256,902	(26,092)
Balances at 12/31/17	\$ 1,968,492	\$ 1,870,054	\$ 98,438

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2017, the Township recognized total pension expense of \$2,697,595 for the Police Pension Plan. At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 53,272	\$
Changes in assumptions	755,162	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	790,036	
Total	\$ 1,598,470	\$ -

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police and Non Uniform Defined Benefit Pension Plans, continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources, continued

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan will be recognized in the pension expense as follows:

Year ended December 31

2018	781,497
2019	781,495
2020	143,333
2021	(106,520)
2022	(1,335)
Thereafter	-

For the year ended December 31, 2017, the Township recognized total pension expense of \$51,954 for the Non Uniform Defined Benefit Pension Plan. At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to the Non Uniform Defined Benefit Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 313	\$
Contributions subsequent to the measurement date	63,258	
Changes in assumptions	1,970	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,932	
Total	\$ 100,473	\$ -

\$63,258 reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Non Uniform Defined Benefit Pension Plan will be recognized in the pension expense as follows:

Year ended December 31

2018	14,840
2019	13,687
2020	13,689
2021	(6,223)
2022	266
Thereafter	956

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. OTHER INFORMATION, continued

E. Pension Plans, continued

Non Uniform Defined Contribution Pension Plan

Plan Description

The Township administers the single-employer defined contribution pension plan in which all general and public safety employees of the Township, except uniformed police officers and public works union employees, are eligible to participate. The Plan is controlled by the provisions of Ordinance 98-4. The Plan is governed by the Board of Township Supervisors which may amend plan provisions, and which is responsible for the management of Plan assets. The Board of Township Supervisors has delegated the authority to manage Plan assets to ICMA Retirement Corporation.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 55
 - Vesting – 100% vested immediately
- *Member Contributions:* Not required

Summary of Significant Accounting Policies

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

Contributions and Funding Policy

The contribution requirements of the Township are established and may be amended by the Board of Supervisors. Plan members are not required to contribute. The Township is required to contribute at a determined rate, which is currently 5% of annual covered payroll. The township contributed \$120,199 for the year ending December 31, 2017.

F. Tax Abatements

The Township entered into an agreement with United States Steel Corporation (USS) for the period January 1, 2005 through December 31, 2018, in which USS agrees to pay \$75,000 annually to the township for police, fire and other municipal services. In accordance with Ordinance 2004-09, the property where USS is located is designated as Keystone Opportunity Improvement Subzone property (KOIZ), which authorizes qualified businesses to obtain tax incentives to locate within the Subzone in accordance with the Pennsylvania Keystone Opportunity Improvement Zone Act (KOZ Act). In order to qualify USS must be a qualified business as defined in Sections 301 and 307 of the KOZ Act and the property must be designated as KOIZ property. All taxes are abated in the agreement, including: Real Property Tax, Earned Income Tax, Business Privilege Tax, Occupancy & Use Tax of real property, local sales and use tax, Mercantile License tax, and Net Profits tax. The amount by which tax revenues were reduced as a result of this agreement in 2017 is approximately \$77,125.

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REQUIRED
SUPPLEMENTARY INFORMATION

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 662,062	\$ 756,746	\$ 794,583	\$ 736,797
Interest	2,962,558	3,249,829	3,398,444	3,539,586
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	1,873,097	-	(943,976)
Changes of Assumptions	-	-	-	926,401
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)
Net Change in Total Pension Liability	<u>1,697,024</u>	<u>3,804,230</u>	<u>1,895,032</u>	<u>1,850,018</u>
Total Pension Liability - Beginning	<u>37,333,715</u>	<u>39,030,739</u>	<u>42,834,969</u>	<u>44,730,001</u>
Total Pension Liability - Ending	<u>\$ 39,030,739</u>	<u>\$ 42,834,969</u>	<u>\$ 44,730,001</u>	<u>\$ 46,580,019</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,222,066	\$ 1,697,576	\$ 1,957,876	\$ 1,956,735
Contributions - State Aid	518,939	537,154	621,200	633,179
Contributions - Member	314,428	311,101	315,499	353,703
Net Investment Income	1,188,621	(190,002)	1,246,210	2,543,064
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)
Administrative Expense	-	(19,154)	-	(20,126)
Net Change in Plan Fiduciary Net Position	<u>1,316,458</u>	<u>261,233</u>	<u>1,842,790</u>	<u>3,057,765</u>
Plan Net Position - Beginning	<u>22,303,497</u>	<u>23,619,955</u>	<u>23,881,188</u>	<u>25,723,978</u>
Plan Net Position - Ending	<u>\$ 23,619,955</u>	<u>\$ 23,881,188</u>	<u>\$ 25,723,978</u>	<u>\$ 28,781,743</u>
Plan's Net Pension Liability	<u>\$ 15,410,784</u>	<u>\$ 18,953,781</u>	<u>\$ 19,006,023</u>	<u>\$ 17,798,276</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.5%	55.8%	57.5%	61.8%
Covered Employee Payroll	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	291.6%	319.9%	315.4%	288.1%

Notes to schedules:

Assumption Change - In 2017, the mortality assumption was changed from the 1992 Railroad Board Table to the Blue Collar RP-2000 Table.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 136,121	\$ 131,154	\$ 136,023
Interest	75,226	86,385	98,040
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	113	132	168
Changes of Assumptions	-	471	1,770
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)
Net Change in Total Pension Liability	<u>206,269</u>	<u>212,951</u>	<u>230,810</u>
Total Pension Liability - Beginning	1,318,462	1,524,731	1,737,682
Total Pension Liability - Ending	<u>\$ 1,524,731</u>	<u>\$ 1,737,682</u>	<u>\$ 1,968,492</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 66,091	\$ 62,740	\$ 58,953
Contributions - PMRS assessments	-	-	20
Contributions - Member	70,029	68,414	77,070
Net Investment Income	70,284	(12,456)	131,230
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)
Administrative Expense	(3,256)	(3,971)	(5,180)
Net Change in Plan Fiduciary Net Position	<u>197,957</u>	<u>109,536</u>	<u>256,902</u>
Plan Net Position - Beginning	1,305,659	1,503,616	1,613,152
Plan Net Position - Ending	<u>\$ 1,503,616</u>	<u>\$ 1,613,152</u>	<u>\$ 1,870,054</u>
Plan's Net Pension Liability	<u>\$ 21,115</u>	<u>\$ 124,530</u>	<u>\$ 98,438</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	92.8%	95.0%
Covered Employee Payroll	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	1.6%	9.9%	8.3%

Notes to schedules:

None.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 862,493	\$ 1,060,137	\$ 1,570,253	\$ 1,313,893	\$ 1,318,901	\$ 1,470,557	\$ 1,741,005	\$ 2,234,730	\$ 2,579,076	\$ 2,589,914
Contributions made	862,493	1,060,137	1,570,253	1,313,893	1,318,901	1,470,557	1,741,005	2,234,730	2,579,076	2,589,914
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,889,048	\$ 4,312,643	\$ 4,209,698	\$ 4,574,694	\$ 4,628,098	\$ 4,719,500	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344
Contributions as a Percentage of Covered Employee Payroll	22.2%	24.6%	37.3%	28.7%	28.5%	31.2%	32.9%	37.7%	42.8%	41.9%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated biennially as of January 1 - most recent valuation is January 1, 2015.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry Age
- Amortization method Level Dollar
- Asset valuation method 5 Year Smoothing
- Inflation 2.25%
- Salary Increases 5.00%
- Investment rate of return 8.00% (Net of pension plan investment expenses including inflation)
- Retirement age 50
- Mortality rates Blue Collar RP-2000 Monatlity Table

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily determined contribution	\$ 66,432	\$ 63,080	\$ 59,293	\$ 63,258
Contributions made	<u>66,091</u>	<u>62,740</u>	<u>58,973</u>	<u>63,258</u>
Contribution deficiency (excess)	<u>\$ 341</u>	<u>\$ 340</u>	<u>\$ 320</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054	\$ 1,265,173
Contributions as a Percentage of Covered Employee Payroll	5.00%	5.00%	5.00%	5.00%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated biennially as of January 1 - most recent valuation is January 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Cost of living increases	2.80%
Salary Increases	3.30%
Investment rate of return	5.25% (Compounded annually, net of expenses)
Retirement age	60
Mortality rates	Males - RP-2000 Male Annuitant table projected 5 years with Scale AA; Females - RP-2000 Female Annuitant table projected 10 years with Scale AA

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expenses	\$ 5.50%	\$ -0.83%	\$ 5.16%	\$ 9.89%

* This schedule is presented to illustrate the requirement to show information for 10 years
However, until a full 10-year trend is complete, available information is presented

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
NONUNIFORM PENSION PLAN
 Last Ten Fiscal Years *

	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expenses	\$ 5.20%	\$ -0.27%	\$ 8.23%	\$ 17.84%

* This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF FALLS
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability AAL</u>	<u>Excess of Assets Over (Unfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2011	\$ 0	\$ 9,007,616	\$ 9,007,616	0.0%	\$ 4,748,589	189.7%
January 1, 2014	\$ 0	\$ 10,672,524	\$ 10,672,524	0.0%	\$ 6,203,679	172.0%
January 1, 2017	\$ 0	\$ 11,443,561	\$ 11,443,561	0.0%	\$ 8,950,071	127.9%

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

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

Fire Hydrant Fund – This fund is used to account for the revenue derived from a .34 mill real estate tax levy. The revenues of this fund are restricted to expenditures for the maintenance and repair of fire hydrants located within the Township.

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

Street Lighting Fund – This fund is used to account for revenue derived from a .90 mill real estate tax levy. Major expenditures include the cost of electricity and maintenance of the highway and street lights located in the Township.

Fire Protection Fund – This fund is used to account for revenue derived from a 1.25 mill real estate tax levy in accordance with the agreement between the Township and local fire companies.

Library Fund – This fund is used to account for revenue derived from a .14 mill real estate tax levy to help support the Falls library.

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

Parks and Recreation Fund – This fund is used to account for revenue derived from a 1.46 mill real estate tax levy that is restricted to the development of programs that are recreational in nature – such as maintenance of Township parks, Community Youth Association, the Senior Citizen's Association, Township committees, parades and civic events.

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

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

TOWNSHIP OF FALLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Special Revenue										Total Nonmajor Governmental Funds
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention		
ASSETS											
Cash and cash equivalents	\$ 71,043	\$ 963,083	\$ 204,534	\$ 16,077	\$ 1,801	\$ 448,500	\$ 178,435	\$ 6,423	\$ 65,405	\$ 1,937,423	
Taxes receivable	4,336		12,154				18,201	6,431		59,000	
Interfund receivable							214			214	
Prepaid items							13,980		4,279	18,259	
TOTAL ASSETS	\$ 75,379	\$ 963,083	\$ 216,688	\$ 16,077	\$ 1,801	\$ 448,500	\$ 210,830	\$ 12,854	\$ 69,684	\$ 2,014,896	
LIABILITIES											
Accounts payable	\$ 14,976	\$ 33,975	\$ 5,050	\$ 2,418	\$ 1,287	\$	\$ 4,535	\$ 1,368	\$ 55	\$ 62,377	
Interfund payable				19,027			438			20,752	
Deposits							250			250	
Salaries and benefits payable							23,836		2,542	26,378	
TOTAL LIABILITIES	14,976	33,975	5,050	21,445	1,287	-	29,059	1,368	2,597	109,757	
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - real estate taxes	4,092		11,387	15,143	1,696		17,194	6,057		55,569	
TOTAL DEFERRED INFLOWS OF RESOURCES	4,092	-	11,387	15,143	1,696	-	17,194	6,057	-	55,569	
FUND BALANCES											
Nonspendable:											
Prepaid items							13,980		4,279	18,259	
Restricted for:											
Recycling expenditures						448,500				448,500	
Parks and recreation							150,597			150,597	
Rescue Squad								5,429		5,429	
Crime prevention									62,808	62,808	
Fire hydrant	56,311	929,108								929,108	
Highway aid			200,251	(20,511)	(1,182)					200,251	
Street lighting											
Unassigned										(21,693)	
TOTAL FUND BALANCES (DEFICITS)	56,311	929,108	200,251	(20,511)	(1,182)	448,500	164,577	5,429	67,087	1,849,570	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 75,379	\$ 963,083	\$ 216,688	\$ 16,077	\$ 1,801	\$ 448,500	\$ 210,830	\$ 12,854	\$ 69,684	\$ 2,014,896	

TOWNSHIP OF FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue										Total Nonmajor Governmental Funds	
	Fire Hydrant	Highway Aid	Street Lighting	Fire Protection	Library	Recycling	Parks & Recreation	Rescue Squad	Crime Prevention	-		
REVENUES												
Taxes												
Property	\$ 106,989	\$ 901,513	\$ 284,306	\$ 393,446	\$ 44,067	\$ -	\$ 458,549	\$ 157,378	\$ -	\$ -	\$ 1,444,735	
Motor fuel tax											901,513	
Payment in lieu of taxes	3,532		9,349	12,984	1,454		15,166	5,194			47,679	
Interest earnings	79	3,621	243	59	3	1,239	2,712	31	4		7,991	
Rents							8,755				8,755	
Intergovernmental				223,383			203,229				223,383	
Charges for services							6,800			40,244	203,229	
Contributions and donations											47,044	
TOTAL REVENUES	110,600	905,134	293,898	629,872	45,524	1,239	695,211	162,603	40,248	-	2,884,329	
EXPENDITURES												
Current												
Public safety	87,412			635,582							1,249,270	
Public works - highways and streets		350,587	265,658				821,378				622,245	
Culture and recreation					45,000						866,378	
Capital outlay												
General government		50,000									50,000	
Public safety												
Public works - highways and streets												
Culture and recreation												
TOTAL EXPENDITURES	87,412	406,587	265,658	635,582	45,000	-	821,378	162,152	364,124	-	2,787,893	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23,188	498,547	28,240	(5,710)	524	1,239	(126,167)	451	(323,876)	-	96,436	
OTHER FINANCING SOURCES (USES)												
Transfers in							270,000		350,000		620,000	
Transfers out												
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	270,000	-	350,000	-	620,000	
NET CHANGES IN FUND BALANCES	23,188	498,547	28,240	(5,710)	524	1,239	143,833	451	26,124	-	716,436	
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	33,123	430,561	172,011	(14,801)	(1,706)	447,261	20,744	4,978	40,963	1,133,134	1,133,134	
FUND BALANCES (DEFICITS), END OF YEAR	\$ 56,311	\$ 929,108	\$ 200,251	\$ (20,511)	\$ (1,182)	\$ 448,500	\$ 164,577	\$ 5,429	\$ 67,087	\$ 1,849,570	\$ 1,849,570	

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 110,337	\$ 110,337	\$ 106,989	\$ (3,348)
Payment in lieu of taxes	3,532	3,532	3,532	-
Interest earnings	10	10	79	69
TOTAL REVENUES	<u>113,879</u>	<u>113,879</u>	<u>110,600</u>	<u>(3,279)</u>
EXPENDITURES				
Current				
Public safety	<u>88,000</u>	<u>88,000</u>	<u>87,412</u>	<u>588</u>
TOTAL EXPENDITURES	<u>88,000</u>	<u>88,000</u>	<u>87,412</u>	<u>588</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>25,879</u>	<u>25,879</u>	<u>23,188</u>	<u>(2,691)</u>
FUND BALANCE, BEGINNING	<u>32,683</u>	<u>32,683</u>	<u>33,123</u>	<u>440</u>
FUND BALANCE, ENDING	<u>\$ 58,562</u>	<u>\$ 58,562</u>	<u>\$ 56,311</u>	<u>\$ (2,251)</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Motor fuel tax	\$ 885,184	\$ 885,184	\$ 901,513	\$ 16,329
Interest earnings	200	200	3,621	3,421
TOTAL REVENUES	<u>885,384</u>	<u>885,384</u>	<u>905,134</u>	<u>19,750</u>
EXPENDITURES				
Current				
Public works - highways and streets	900,655	900,655	356,587	544,068
Capital outlay				
Public works - highways and streets	50,000	50,000	50,000	-
TOTAL EXPENDITURES	<u>950,655</u>	<u>950,655</u>	<u>406,587</u>	<u>544,068</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(65,271)	(65,271)	498,547	563,818
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	(65,271)	(65,271)	498,547	563,818
FUND BALANCE, BEGINNING	<u>229,102</u>	<u>229,102</u>	<u>430,561</u>	<u>201,459</u>
FUND BALANCE, ENDING	<u>\$ 163,831</u>	<u>\$ 163,831</u>	<u>\$ 929,108</u>	<u>\$ 765,277</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STREET LIGHTING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 296,391	\$ 296,391	\$ 284,306	\$ (12,085)
Payment in lieu of taxes	9,349	9,349	9,349	-
Interest earnings	10	10	243	233
TOTAL REVENUES	<u>305,750</u>	<u>305,750</u>	<u>293,898</u>	<u>(11,852)</u>
EXPENDITURES				
Current				
Public works - highways and streets	295,000	295,000	265,658	29,342
TOTAL EXPENDITURES	<u>295,000</u>	<u>295,000</u>	<u>265,658</u>	<u>29,342</u>
NET INCREASE (DECREASE) IN FUND BALANCE	10,750	10,750	28,240	(41,194)
FUND BALANCE, BEGINNING	<u>161,613</u>	<u>161,613</u>	<u>172,011</u>	<u>10,398</u>
FUND BALANCE, ENDING	<u>\$ 172,363</u>	<u>\$ 172,363</u>	<u>\$ 200,251</u>	<u>\$ 27,888</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 410,013	\$ 410,013	\$ 393,446	\$ (16,567)
Payment in lieu of taxes	12,985	12,985	12,984	(1)
Intergovernmental	250,500	250,500	223,383	(27,117)
Interest earnings	10	10	59	49
TOTAL REVENUES	673,508	673,508	629,872	(43,636)
EXPENDITURES				
Current				
Public Safety	659,200	659,200	635,582	23,618
TOTAL EXPENDITURES	659,200	659,200	635,582	23,618
NET INCREASE (DECREASE) IN FUND BALANCE	14,308	14,308	(5,710)	(67,254)
FUND BALANCE (DEFICIT), BEGINNING	(12,482)	(12,482)	(14,801)	(2,319)
FUND BALANCE (DEFICIT), ENDING	\$ 1,826	\$ 1,826	\$ (20,511)	\$ (22,337)

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 45,799	\$ 45,799	\$ 44,067	\$ (1,732)
Payment in lieu of taxes	1,454	1,454	1,454	-
Interest earnings	-	-	3	3
TOTAL REVENUES	<u>47,253</u>	<u>47,253</u>	<u>45,524</u>	<u>(1,729)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>2,253</u>	<u>2,253</u>	<u>524</u>	<u>(1,729)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>(1,104)</u>	<u>(1,104)</u>	<u>(1,706)</u>	<u>(602)</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 1,149</u>	<u>\$ 1,149</u>	<u>\$ (1,182)</u>	<u>\$ (2,331)</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 477,295	\$ 477,295	\$ 458,549	\$ (18,746)
Payment in lieu of taxes	15,166	15,166	15,166	-
Rents	9,100	9,100	8,755	(345)
Charges for services	178,250	178,250	203,229	24,979
Interest earnings	300	300	2,712	2,412
Contributions and donations	1,000	1,000	6,800	5,800
TOTAL REVENUES	<u>681,111</u>	<u>681,111</u>	<u>695,211</u>	<u>14,100</u>
EXPENDITURES				
Current				
Culture and recreation	<u>957,127</u>	<u>957,127</u>	<u>821,378</u>	<u>135,749</u>
TOTAL EXPENDITURES	<u>957,127</u>	<u>957,127</u>	<u>821,378</u>	<u>135,749</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(276,016)</u>	<u>(276,016)</u>	<u>(126,167)</u>	<u>149,849</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>(6,016)</u>	<u>(6,016)</u>	<u>143,833</u>	<u>149,849</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>2,938</u>	<u>2,938</u>	<u>20,744</u>	<u>17,806</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (3,078)</u>	<u>\$ (3,078)</u>	<u>\$ 164,577</u>	<u>\$ 167,655</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 163,595	\$ 163,595	\$ 157,378	\$ (6,217)
Payment in lieu of taxes	5,194	5,194	5,194	-
Interest earnings	5	5	31	26
TOTAL REVENUES	<u>168,794</u>	<u>168,794</u>	<u>162,603</u>	<u>(6,191)</u>
EXPENDITURES				
Current				
Public safety	<u>162,000</u>	<u>162,000</u>	<u>162,152</u>	<u>(152)</u>
TOTAL EXPENDITURES	<u>162,000</u>	<u>162,000</u>	<u>162,152</u>	<u>(152)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>6,794</u>	<u>6,794</u>	<u>451</u>	<u>(6,343)</u>
FUND BALANCE, BEGINNING	<u>5,287</u>	<u>5,287</u>	<u>4,978</u>	<u>(309)</u>
FUND BALANCE, ENDING	<u>\$ 12,081</u>	<u>\$ 12,081</u>	<u>\$ 5,429</u>	<u>\$ (6,652)</u>

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CRIME PREVENTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$	\$	\$ 4	\$ 4
Contributions and donations	48,250	48,250	40,244	(8,006)
TOTAL REVENUES	48,250	48,250	40,248	(8,002)
EXPENDITURES				
Current				
Public safety	403,734	403,734	364,124	39,610
TOTAL EXPENDITURES	403,734	403,734	364,124	39,610
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(355,484)	(355,484)	(323,876)	31,608
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
NET INCREASE (DECREASE) IN FUND BALANCE	(5,484)	(5,484)	26,124	31,608
FUND BALANCE, BEGINNING	35,457	35,457	40,963	5,506
FUND BALANCE, ENDING	\$ 29,973	\$ 29,973	\$ 67,087	\$ 37,114

TOWNSHIP OF FALLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 5,000	\$ 5,000	\$ 13,952	\$ 8,952
Intergovernmental			-	-
Refunds of prior years			456	456
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>14,408</u>	<u>9,408</u>
EXPENDITURES				
Current				
General Government	90,400	90,400	70,458	19,942
Public works - highways and streets	-	-	5,101	(5,101)
Culture and recreation	5,500	5,500	5,174	326
Capital Outlay				
General Government	18,500	18,500	11,243	7,257
TOTAL EXPENDITURES	<u>114,400</u>	<u>114,400</u>	<u>91,976</u>	<u>22,424</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(109,400)	(109,400)	(77,568)	31,832
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	(109,400)	(109,400)	(77,568)	31,832
FUND BALANCE, BEGINNING	<u>2,298,150</u>	<u>2,298,150</u>	<u>2,227,944</u>	<u>(70,206)</u>
FUND BALANCE, ENDING	<u>\$ 2,188,750</u>	<u>\$ 2,188,750</u>	<u>\$ 2,150,376</u>	<u>\$ (38,374)</u>

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Fiduciary Funds
Combining Financial Statements

Pension Trust Funds

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

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

Schedule of Changes in Assets and Liabilities

Agency Fund

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

TOWNSHIP OF FALLS
COMBINING STATEMENT OF PLAN NET POSITION
ALL PENSION TRUST FUNDS
DECEMBER 31, 2017

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 10,283,997	\$ 10,283,997
Receivables		307,862	307,862
Investment, at fair value			
Common stock, mutual funds	<u>2,304,319</u>	<u>18,210,010</u>	<u>20,514,329</u>
TOTAL ASSETS	<u>2,304,319</u>	<u>28,801,869</u>	<u>31,106,188</u>
LIABILITIES			
Payables		<u>20,126</u>	<u>20,126</u>
TOTAL LIABILITIES	<u>-</u>	<u>20,126</u>	<u>20,126</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 2,304,319</u>	<u>\$ 28,781,743</u>	<u>\$ 31,086,062</u>

TOWNSHIP OF FALLS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

ALL PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Non-Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 120,199	\$ 1,956,735	\$ 2,076,934
Plan Member		353,703	353,703
Commonwealth		633,179	633,179
Total Contributions	120,199	2,943,617	3,063,816
Investment Income			
Dividend income		510,580	510,580
Net appreciation (depreciation) in fair value of investments	276,579	2,109,656	2,386,235
Total investment income	276,579	2,620,236	2,896,815
Less: investment expenses		77,172	77,172
Net investment income	276,579	2,543,064	2,819,643
TOTAL ADDITIONS	396,778	5,486,681	5,883,459
DEDUCTIONS			
Benefits	72,035	2,403,414	2,475,449
Reimbursements		5,376	5,376
Administrative expenses	815	20,126	20,941
Total deductions	72,850	2,428,916	2,501,766
Change in Net Position	323,928	3,057,765	3,381,693
NET POSITION BEGINNING YEAR	1,980,391	25,723,978	27,704,369
NET POSITION END OF YEAR	\$ 2,304,319	\$ 28,781,743	\$ 31,086,062

TOWNSHIP OF FALLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TOWNSHIP ESCROW SUBDIVISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
<u>TOWNSHIP ESCROW AND SUBDIVISION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 3,492,834	\$ 797,875	\$ 1,035,305	\$ 3,255,404
Accounts receivable	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>1,704</u>
TOTAL ASSETS	<u><u>\$ 3,494,538</u></u>	<u><u>\$ 797,875</u></u>	<u><u>\$ 1,035,305</u></u>	<u><u>\$ 3,257,108</u></u>
LIABILITIES				
Deposits	<u>\$ 3,494,538</u>	<u>\$ 797,875</u>	<u>\$ 1,035,305</u>	<u>\$ 3,257,108</u>
TOTAL LIABILITIES	<u><u>\$ 3,494,538</u></u>	<u><u>\$ 797,875</u></u>	<u><u>\$ 1,035,305</u></u>	<u><u>\$ 3,257,108</u></u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

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

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

	2016	2017
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 16,460,926	\$ 16,460,926
Construction in progress	573,516	889,354
Building	5,953,049	5,964,291
Machinery and Equipment	5,167,522	5,273,868
Improvements	15,324,061	15,600,652
Infrastructure	110,584,540	112,523,952
Vehicles	3,715,937	3,922,590
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 157,779,551	\$ 160,635,633
	2016	2017
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,599,855	2,649,855
Capital Reserve Fund	5,232,712	5,243,954
Host Community Fees Fund	137,723,157	140,517,997
Donations	5,741,587	5,741,587
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 157,779,551	\$ 160,635,633

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	Land	Construction in progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Total
Function and Activity								
General government:								
Supervisors			\$ 29,444		\$ 6,739			\$ 36,183
Manager					17,741			17,741
Finance and Administration			2,690,051		543,183			3,233,234
Other-unclassified		\$ 746,526	458,969		87,872			1,293,367
Total general government		746,526	3,178,464	-	655,535	-	-	4,580,525
Public Safety								
Police			188,233		2,055,150		\$ 2,219,005	\$ 4,462,388
Fire and Emergency					44,204		138,740	182,944
License and Inspection					46,847		84,135	130,982
Total public safety			188,233		2,146,201		2,441,880	4,776,314
Highways and Streets:								
Engineering						\$ 5,599,326		\$ 6,246,097
Maintenance				\$ 19,375	\$ 2,141,507	224,738	\$ 1,406,141	3,791,761
Street System	\$ 1,757,000		646,771		106,699,888			108,456,888
Total highways and streets	1,757,000		646,771	19,375	2,141,507	112,523,952	1,406,141	118,494,746
Culture and recreation	14,703,926	142,828	1,950,823	15,581,277	330,625		74,569	32,784,048
Total governmental funds capital assets	\$ 16,460,926	\$ 889,354	\$ 5,964,291	\$ 15,600,652	\$ 5,273,868	\$ 112,523,952	\$ 3,922,590	\$ 160,635,633

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

FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>December 31, 2017</u>
General Government				
Supervisors	\$ 36,183	\$ -	\$ -	\$ 36,183
Manager	17,741	-	-	17,741
Finance and Administration	3,602,193	215,145	-	3,817,338
Other-Unclassified	<u>720,505</u>	<u>-</u>	<u>-</u>	<u>720,505</u>
Total general government	4,376,622	215,145	-	4,591,767
Public Safety				
Police	4,380,646	219,855	149,355	4,451,146
Fire and Emergency Management	138,092	44,852	-	182,944
License and Inspection	<u>130,982</u>	<u>-</u>	<u>-</u>	<u>130,982</u>
Total public safety	4,649,720	264,707	149,355	4,765,072
Highway and Streets				
Engineering	6,063,196	182,900	-	6,246,096
Maintenance	3,594,114	235,117	37,470	3,791,761
Street system	<u>106,700,377</u>	<u>1,756,511</u>	<u>-</u>	<u>108,456,888</u>
Total highways and streets	116,357,687	2,174,528	37,470	118,494,745
Culture and recreation	<u>32,395,522</u>	<u>388,527</u>	<u>-</u>	<u>32,784,049</u>
Total governmental funds capital assets	<u>\$ 157,779,551</u>	<u>\$ 3,042,907</u>	<u>\$ 186,825</u>	<u>\$ 160,635,633</u>

STATISTICAL SECTION

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

Statistical Section

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

Contents

Financial trends

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

Revenue capacity

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

Debt capacity

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

Demographic and economic information

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

Operating information

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

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

TOWNSHIP OF FALLS
 Net Position by Components
 Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net position, invested in capital assets	\$ 91,172,798	\$ 92,304,493	\$ 84,701,771	\$ 96,366,263	\$ 95,245,962	\$ 89,071,750	\$ 88,258,738	\$ 85,887,168	\$ 86,400,724	\$ 76,869,984
Restricted	1,853,004	1,130,649	616,782	693,937	864,828	1,137,956	1,095,729	654,164	5,993,448	11,188,559
Unrestricted	18,581,076	16,378,231	18,405,489	36,613,764	40,705,849	47,395,896	51,226,521	55,368,230	51,556,593	53,721,633
Total governmental activities net position	\$ 111,806,878	\$ 109,613,373	\$ 113,724,052	\$ 133,673,964	\$ 136,816,437	\$ 138,405,602	\$ 140,580,988	\$ 141,917,562	\$ 143,950,765	\$ 143,790,176
Business-type activities										
Net position, invested in capital assets	\$ 168,646	\$ 168,619	\$ 170,592	\$ 172,565	\$ 174,538	\$ 176,511	\$ 178,484	\$ 180,457	\$ 182,700	\$ 182,700
Restricted	(132,911)	(128,453)	(104,443)	(155,586)	(175,414)	(203,530)	(155,563)	(258,693)	(253,056)	(171,955)
Unrestricted	33,735	42,166	66,149	16,979	(676)	(27,019)	22,921	(78,236)	(90,356)	(9,255)
Total business-type activities net position	\$ 36,735	\$ 42,166	\$ 66,149	\$ 16,979	\$ (676)	\$ (27,019)	\$ 22,921	\$ (78,236)	\$ (90,356)	\$ (9,255)
Primary government										
Net position, invested in capital assets	\$ 91,339,444	\$ 92,473,112	\$ 84,872,363	\$ 96,538,828	\$ 95,420,500	\$ 90,048,261	\$ 88,437,222	\$ 86,077,625	\$ 88,563,424	\$ 79,032,664
Restricted	1,853,004	1,130,649	616,782	693,937	864,828	1,137,956	1,095,729	654,164	5,993,448	11,188,559
Unrestricted	18,446,165	16,251,778	18,301,048	36,458,178	40,530,435	47,192,366	51,070,958	55,107,537	51,303,537	53,548,678
Total primary government net position	\$ 111,640,613	\$ 109,855,539	\$ 113,790,201	\$ 133,690,943	\$ 136,815,561	\$ 138,378,583	\$ 140,603,909	\$ 141,839,326	\$ 143,960,409	\$ 143,780,921

Note: GASB Statement No. 66 has been implemented beginning in the 2015 year and the prior years have not been restated.

Source: Falls Township records

TOWNSHIP OF FALLS
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
General government	\$ 2,777,044	\$ 2,526,600	\$ 2,604,253	\$ 2,713,828	\$ 2,573,012	\$ 2,415,703	\$ 2,240,103	\$ 2,139,446	\$ 1,820,889	\$ 3,532,145
Public safety	18,450,556	18,063,659	17,046,216	16,080,941	15,554,489	14,588,506	14,122,814	13,656,438	12,209,438	11,834,328
Public works - highways and streets	6,143,092	5,964,181	6,112,069	6,188,874	5,817,812	5,530,481	5,269,057	5,078,350	4,808,901	4,520,005
Culture and recreation	1,647,909	1,583,519	1,381,797	1,826,865	1,902,802	1,837,680	1,762,652	1,477,633	1,393,156	1,372,976
Debt service interest	-	-	-	-	-	-	-	-	102,594	168,129
Total governmental activities expenses	29,018,601	28,137,959	27,146,335	26,820,508	25,848,115	24,372,380	23,434,828	22,351,867	20,334,978	21,427,663
Business-type activities										
Water	186,823	201,255	191,930	169,094	222,846	226,079	215,598	198,378	195,939	190,687
Sewer	-	-	-	-	-	-	-	-	-	-
Pinewood Pool	168,823	201,255	191,930	169,094	222,846	226,079	215,598	198,378	195,939	190,687
Total business-type activities expenses	355,646	402,510	383,860	338,188	445,692	452,158	431,196	396,756	391,878	381,374
Total primary government expenses	\$ 29,205,424	\$ 28,339,214	\$ 27,338,265	\$ 26,989,602	\$ 26,070,961	\$ 24,598,459	\$ 23,650,424	\$ 22,550,245	\$ 20,530,917	\$ 21,618,270
Program revenues										
Governmental activities										
Charges for services	\$ 1,168,042	\$ 1,221,268	\$ 1,126,255	\$ 1,089,257	\$ 1,021,066	\$ 953,299	\$ 945,872	\$ 911,525	\$ 713,199	\$ 971,180
General government	1,710,954	1,883,666	1,562,830	1,547,850	1,537,430	1,496,699	1,431,035	1,194,309	1,581,276	1,606,165
Public safety	49,849	40,756	83,773	55,208	140,425	59,570	38,004	50,025	163,665	54,018
Public works - highways and streets	203,229	183,297	154,321	155,373	178,347	174,219	180,091	153,921	155,546	173,908
Culture and recreation	633,179	704,953	600,873	630,338	628,019	579,781	867,321	514,492	501,355	501,659
General government	263,627	300,765	279,659	296,721	312,828	278,797	467,220	328,894	303,046	338,679
Public safety	1,160,217	893,062	737,750	822,537	702,500	864,175	645,539	959,143	643,554	592,683
Public works - highways and streets	6,800	4,718	12,468	670	30	32	-	2,500	5,085	8,410
Culture and recreation	5,195,897	5,032,485	4,557,929	4,597,954	4,520,645	4,406,572	4,575,082	4,114,809	4,066,726	4,246,722
Total governmental activities program revenues	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498	114,838	135,695
Business-type activities										
Charges for service	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498	114,838	135,695
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-	-
Pinewood Pool	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498	114,838	135,695
Total business-type activities program revenues	178,392	177,272	184,100	156,949	173,989	176,139	166,755	140,498	114,838	135,695
Total primary government program revenues	\$ 5,374,289	\$ 5,209,757	\$ 4,742,029	\$ 4,754,903	\$ 4,694,634	\$ 4,582,711	\$ 4,741,837	\$ 4,255,307	\$ 4,181,564	\$ 4,382,417
Net (Expense)/Revenue	\$(23,822,704)	\$(23,105,474)	\$(22,588,406)	\$(22,222,554)	\$(21,327,470)	\$(19,965,808)	\$(18,855,744)	\$(18,237,058)	\$(16,268,252)	\$(17,180,861)
Governmental activities	(8,431)	(23,983)	(7,830)	(12,145)	(48,657)	(49,940)	(48,843)	(57,880)	(81,101)	(54,992)
Business-type activities	(23,831,135)	(23,129,457)	(22,596,236)	(22,234,699)	(21,376,327)	(20,015,748)	(18,908,587)	(18,294,938)	(16,349,353)	(17,235,653)
Total primary government net expense	\$(23,831,135)	\$(23,129,457)	\$(22,596,236)	\$(22,234,699)	\$(21,376,327)	\$(20,015,748)	\$(18,908,587)	\$(18,294,938)	\$(16,349,353)	\$(17,235,653)

Fiscal Year

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General revenues and other changes in net position										
Governmental activities										
Property taxes, levied for general purposes	\$ 2,264,653	\$ 2,261,598	\$ 2,265,384	\$ 2,270,450	\$ 2,263,235	\$ 2,274,529	\$ 2,279,128	\$ 2,280,492	\$ 2,321,546	\$ 2,315,362
Real estate transfer taxes	843,218	831,173	727,455	664,784	858,764	582,059	361,953	323,164	531,353	686,834
Local Services taxes	399,195	418,864	406,667	404,511	371,642	371,546	376,399	402,011	393,200	389,125
Mechanical device tax	34,201	31,414	32,015	34,285	34,023	33,583	38,372	32,513	23,778	23,207
Other taxes	13,105	14,279	14,279	14,173	13,288	14,328	12,838	13,539	14,109	13,907
Payment in lieu of taxes	75,000	74,650	75,000	75,000	75,000	75,459	75,000	75,000	75,000	75,000
Contributions not restricted to specific programs	21,706,453	15,256,922	14,298,232	15,419,498	16,082,578	14,104,136	13,179,521	11,979,130	11,617,345	10,298,608
Investment earnings	182,793	222,764	161,521	176,550	37,434	288,455	958,489	1,113,180	1,273,281	2,647,142
Miscellaneous revenues	77,591	79,525	72,437	46,510	77,141	46,327	529,619	54,826	179,228	154,257
Gain / Loss on sale of capital assets	-	3,586	-	4,320	-	-	-	-	-	-
Transfers	-	-	(57,000)	(30,000)	(75,000)	-	(150,000)	(70,000)	-	(11,213)
Total governmental activities	25,816,209	19,194,795	17,995,990	19,080,081	19,738,305	17,790,422	17,659,419	16,203,855	16,428,841	16,592,229
Business-type activities										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	57,000	30,000	75,000	-	150,000	70,000	-	11,213
Total business-type activities	-	-	57,000	30,000	75,000	-	150,000	70,000	-	11,213
Total primary government	\$ 25,816,209	\$ 19,194,795	\$ 18,052,990	\$ 19,110,081	\$ 19,813,305	\$ 17,790,422	\$ 17,809,419	\$ 16,273,855	\$ 16,428,841	\$ 16,603,442
Change in net position										
Governmental activities	\$ 1,793,505	\$ (3,910,678)	\$ (4,592,416)	\$ (3,142,473)	\$ (1,589,165)	\$ (2,175,386)	\$ (1,200,325)	\$ (2,033,203)	\$ 160,589	\$ (588,632)
Business-type activities	(8,431)	(23,983)	49,170	17,855	26,143	(49,940)	101,157	12,120	(81,101)	(43,779)
Total primary government	\$ 1,785,074	\$ (3,934,662)	\$ (4,543,246)	\$ (3,124,618)	\$ (1,563,022)	\$ (2,225,326)	\$ (1,099,168)	\$ (2,021,083)	\$ 79,488	\$ (632,411)

Source: Falls Township records

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nondisposable:										
Prepaid Items	\$ 477,349	\$ 476,441	\$ 230,604	\$ 233,547	\$ 196,903	\$ 204,163	\$ 189,290			
Assigned to:										
Capital Projects	4,581,979	16,522,982	9,834,657	9,201,402	8,429,981	17,326,670	10,520,582			
Subsequent year's budget	-	-	107,497	798,013	8,932,761	9,926,276	818,577			
Unassigned	32,166,591	17,372,557	25,226,617	26,488,008	22,781,287	14,816,130	24,783,566			
	<u>\$ 37,225,919</u>	<u>\$ 34,371,980</u>	<u>\$ 35,399,375</u>	<u>\$ 36,720,970</u>	<u>\$ 40,340,962</u>	<u>\$ 42,073,239</u>	<u>\$ 36,292,015</u>	<u>\$ 1,224,634</u>	<u>\$ 1,182,347</u>	<u>\$ (168,366)</u>
Reserved								<u>175,009</u>	<u>109,817</u>	<u>172,148</u>
Total General fund								<u>\$ 1,399,643</u>	<u>\$ 1,292,164</u>	<u>\$ 3,762</u>
All other governmental funds										
Nondisposable:										
Prepaid Items	\$ 18,259	\$ 18,992	\$ 6,819	\$ 5,261	\$ -	\$ -	\$ -			
Restricted for:										
Culture and recreation	150,597	5,788	-	-	-	120,805	333,961			
Fire protection	-	-	-	-	-	1,663	-			
Library support	-	-	-	-	-	372	922			
Rescue squad services	5,429	4,978	4,722	3,509	1,929	135	135			
Recycling expenditures	448,500	447,261	446,485	446,335	446,235	446,108	445,943			
Fire hydrant	56,311	33,123	10,845	-	-	-	-			
Highway aid	929,108	430,561	52,404	178,854	222,604	427,175	290,572			
Street Lighting	200,251	172,011	113,158	65,239	-	-	-			
Crime prevention	62,808	36,917	-	-	193,858	141,833	24,196			
Assigned to:										
Capital projects	2,150,376	2,227,944	2,371,834	2,976,281	3,054,331	7,590,030	16,578,441			
Unassigned	(21,693)	(16,507)	(52,215)	(61,846)	(201,774)	(128,119)	(63,334)			
	<u>\$ 3,999,946</u>	<u>\$ 3,361,078</u>	<u>\$ 2,954,052</u>	<u>\$ 3,615,633</u>	<u>\$ 3,717,183</u>	<u>\$ 8,599,867</u>	<u>\$ 17,608,836</u>	<u>\$ 38,871,974</u>	<u>\$ 34,903,155</u>	<u>\$ 42,223,283</u>
Reserved, reported in:								<u>65,642</u>	<u>65,557</u>	<u>65,394</u>
Special revenue funds								<u>111,729</u>	<u>5,261,072</u>	<u>10,387,764</u>
Permanent funds										
Capital projects funds										
Reserved, reported in:								<u>16,795,212</u>	<u>16,795,212</u>	<u>16,878,212</u>
Capital projects funds								<u>\$ 55,844,557</u>	<u>\$ 57,024,996</u>	<u>\$ 69,534,653</u>
Total all other governmental funds								<u>\$ 57,244,200</u>	<u>\$ 58,317,160</u>	<u>\$ 69,538,415</u>
Total Governmental Funds	<u>\$ 41,225,865</u>	<u>\$ 37,733,058</u>	<u>\$ 38,353,427</u>	<u>\$ 40,336,603</u>	<u>\$ 44,058,145</u>	<u>\$ 50,673,106</u>	<u>\$ 53,900,851</u>	<u>\$ 57,244,200</u>	<u>\$ 58,317,160</u>	<u>\$ 69,538,415</u>

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

Source: Falls Township records

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes										
Property	\$ 2,272,548	\$ 2,265,864	\$ 2,261,982	\$ 2,284,798	\$ 2,268,738	\$ 2,268,828	\$ 2,279,211	\$ 2,289,754	\$ 2,321,546	\$ 2,312,152
Real estate transfer	843,218	831,173	727,455	664,764	658,764	582,059	361,953	323,164	531,353	686,834
Local Services tax	396,014	420,501	400,136	410,435	371,787	371,209	376,414	401,538	407,309	395,037
Mechanical device	34,201	31,414	32,015	34,285	34,023	33,583	36,372	32,513	23,778	23,207
Motor Fuel tax	901,513	864,028	737,650	671,686	621,321	633,435	633,393	620,034	643,554	669,559
Payment in lieu of taxes	74,999	74,849	75,000	75,000	75,000	75,459	75,000	75,000	75,000	75,000
Host Community fees	21,706,453	15,256,922	14,298,232	15,419,498	16,082,578	14,104,136	13,079,521	11,529,130	11,067,346	9,749,608
Licenses and permits	868,497	878,272	853,011	840,523	816,356	797,257	749,112	737,645	651,484	630,848
Fines and forfeits	233,942	183,350	200,543	182,573	200,345	186,362	182,229	204,078	202,820	210,517
Interest earnings	182,794	222,763	161,521	176,550	37,431	288,457	1,210,431	1,223,805	1,163,901	2,647,141
Rents	39,427	90,103	73,959	99,532	104,771	98,081	135,933	81,190	166,526	203,061
Intergovernmental	1,126,259	979,318	866,063	905,382	973,464	1,070,995	1,327,844	1,163,164	761,887	801,925
Charges for services	1,979,522	1,977,837	1,837,137	1,697,430	1,747,987	1,627,068	1,711,050	1,939,089	2,134,991	2,340,809
Contributions and donations	68,206	73,745	41,928	187,371	62,685	33,588	33,035	38,510	47,600	71,989
Refunds of prior years	85,187	97,448	71,384	42,788	34,674	34,101	30,278	25,646	-	94,471
Miscellaneous	-	-	-	-	-	-	115	1,946	9,428	3,193
Total revenue	30,812,780	24,247,377	22,638,016	23,692,635	24,289,924	22,204,618	22,201,891	20,667,206	20,208,523	20,915,351
Expenditures										
Current										
General government	2,525,235	2,338,372	2,424,751	2,525,187	2,389,076	2,283,123	2,091,505	1,992,847	2,470,190	1,740,389
Public safety	17,637,681	16,974,695	15,868,682	15,253,208	14,903,972	13,802,918	13,315,061	13,271,102	11,769,814	11,291,262
Public works - highway and street	3,020,790	2,867,881	3,093,416	3,258,566	3,035,945	2,905,706	2,830,061	2,620,414	2,437,359	2,383,332
Culture and recreation	1,093,359	1,028,753	978,519	1,020,866	1,134,638	1,046,577	1,055,873	903,860	884,786	794,497
Capital outlay	-	-	-	-	-	-	-	-	-	-
General government	215,145	10,121	365,577	240,184	399,969	65,462	185,890	23,241	92,992	120,767
Public safety	264,707	280,549	105,110	150,105	839,433	277,014	307,440	325,579	296,309	223,162
Highways and streets	2,174,529	761,630	635,971	4,793,746	6,888,944	4,303,795	3,932,673	1,823,288	10,142,639	6,304,675
Culture and recreation	388,527	609,331	1,099,615	146,635	1,277,434	758,629	1,554,258	710,658	181,370	826,117
Debt service principal	-	-	-	-	-	-	-	-	3,055,000	542,056
Debt service interest	-	-	-	-	-	-	-	-	102,594	121,298
Total expenditures	27,319,973	24,871,332	24,571,641	27,388,497	30,869,311	25,443,224	25,272,761	21,870,989	31,433,053	24,347,565
Excess of revenues over/(under) expenditures	3,492,807	(623,955)	(1,933,625)	(3,695,862)	(6,579,387)	(3,238,606)	(3,070,870)	(1,003,783)	(11,224,530)	(3,432,214)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other financing sources(uses)										
Transfer in	620,000	856,900	684,000	558,000	5,352,064	9,309,500	463,700	12,590,837	10,336,951	7,345,097
Transfer out	(620,000)	(856,900)	(741,000)	(588,000)	(5,427,064)	(9,309,500)	(613,700)	(12,660,837)	(10,336,951)	(7,356,310)
Sale of capital assets	-	3,586	7,449	4,320	39,426	10,861	13,770	823	3,274	930
Total other financing sources(uses)	-	3,586	(49,551)	(25,680)	(35,574)	10,861	(136,230)	(69,177)	3,274	(10,283)
Net change in fund balance	\$ 3,492,807	\$ (620,369)	\$ (1,983,176)	\$ (3,721,542)	\$ (6,614,961)	\$ (3,227,745)	\$ (3,207,100)	\$ (1,072,960)	\$ (11,221,256)	\$ (3,442,497)

Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.24%	3.93%
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Source: Falls Township records

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

<u>Year ending December 31,</u>	<u>Property</u>	<u>Local Services</u>	<u>Real Estate Transfer</u>	<u>Mechanical Device</u>	<u>Total</u>
2008	\$ 2,315,362	\$ 389,125	\$ 686,834	\$ 23,207	\$ 3,414,528
2009	2,321,546	393,200	531,353	23,778	3,269,877
2010	2,280,492	402,011	323,164	32,513	3,038,180
2011	2,279,211	376,414	361,953	36,372	3,053,950
2012	2,268,828	371,209	582,059	33,583	3,255,679
2013	2,268,738	371,787	858,764	34,023	3,533,312
2014	2,284,798	410,435	664,784	34,285	3,394,302
2015	2,261,982	400,136	727,455	32,015	3,421,588
2016	2,265,864	420,501	831,173	31,414	3,548,952
2017	2,272,548	396,014	843,218	34,201	3,545,981

Sources: Township documents

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

Year	Real Property Assessed Value ^(a)	Less: Tax Exempt Property	Total Taxable Assessed Value	Estimated Actual Values of Real Property	Ratio of Total Assessed Value to Total Estimated Actual Value ^(b)	Falls Twp Municipal Millage Rate
2008	\$ 377,657,160	\$ 58,205,330	\$ 319,451,830	\$ 3,893,372,784	9.70%	7.22
2009	379,763,660	60,384,750	319,378,910	3,484,070,275	10.90%	7.22
2010	380,379,040	60,975,730	319,403,310	4,148,081,134	9.17%	7.22
2011	379,439,470	61,043,290	318,396,180	4,287,451,638	8.85%	7.22
2012	378,157,270	60,545,010	317,612,260	4,083,771,814	9.26%	7.22
2013	378,687,490	60,508,530	318,178,960	4,165,978,988	9.09%	7.22
2014	378,528,240	60,583,740	317,944,500	4,087,777,970	9.26%	7.22
2015	374,049,820	55,541,880	318,507,940	4,226,551,638	8.85%	7.22
2016	374,211,350	55,731,820	318,479,530	4,153,289,123	9.01%	7.22
2017	376,243,400	55,731,820	320,511,580	4,102,981,461	9.17%	7.22

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

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

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

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

Year	Falls Township			Overlapping Rates		All Government Totals
	Operating Millage	Debt Service Millage	Total Township Millage	Bucks County Total Millage (a)	Pennsbury SD Total Millage (a)	
2008	7.22	0.00	7.22	21.94	145.00	174.16
2009	7.22	0.00	7.22	21.94	148.80	177.96
2010	7.22	0.00	7.22	21.94	150.30	179.46
2011	7.22	0.00	7.22	23.20	150.30	180.72
2012	7.22	0.00	7.22	23.20	150.30	180.72
2013	7.22	0.00	7.22	23.20	150.30	180.72
2014	7.22	0.00	7.22	23.20	153.45	183.87
2015	7.22	0.00	7.22	23.20	157.89	188.31
2016	7.22	0.00	7.22	23.20	161.36	191.78
2017	7.22	0.00	7.22	23.20	165.06	195.48

(a) Information supplied by Falls Township Tax Collector

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

Taxpayer	Type of Business	2017			2008		
		Taxable Assessed valuation (a)	Rank	Percentage of total taxable assessed valuation	Taxable Assessed valuation	Rank	Percentage of total taxable assessed valuation
Oxford Valley Road Associates	Retail Stores	\$ 6,314,040	1	1.97%	\$ 6,314,040	1	1.98%
Healey, Robert T. & William J.	Apartment	4,935,880	2	1.54%	4,974,720	2	1.56%
Pennwood Assoc. Ltd. Partnership	Mobile Home Park	4,579,320	3	1.43%	4,579,320	3	1.43%
National Prop. Investments/Village Pennbrook 2 LLC	Apartment	4,320,000	4	1.35%	4,320,000	5	1.35%
WMI Properties	Industrial	4,001,400	5	1.25%	4,376,200	4	1.37%
K-Mart Corporation / Fairsan Co LLC	Industrial	3,108,000	6	0.97%	3,108,000	7	0.97%
Bucks County Economic Development Corp.	Development	2,877,860	7	0.90%	2,227,180	9	0.70%
Wheelabrator Falls Inc.	Industrial	2,616,770	8	0.82%	3,680,000	6	1.15%
General Motors LLC	Industrial	2,070,490	9	0.65%	2,811,270	8	0.88%
Fairless Hills S C Assoc.	Retail Stores	1,733,850	10	0.54%			
Equity Industries Ltd Part. III	Retail Stores				2,074,760	10	0.65%
Totals		<u>\$ 36,557,610</u>		<u>11.41%</u>	<u>\$ 38,465,490</u>		<u>12.04%</u>

(a) Total Assessed Valuation equal to \$ 320,511,580

Source: Falls Township records

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

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2008	\$ 2,336,093	\$ 2,254,217	96.50%	\$ 81,853	\$ 2,336,070	99.999%
2009	2,335,472	2,283,391	97.77%	51,983	2,335,374	99.996%
2010	2,305,916	2,215,102	96.06%	90,622	2,305,724	99.992%
2011	2,305,950	2,213,694	96.00%	91,946	2,305,640	99.987%
2012	2,298,820	2,203,440	95.85%	95,001	2,298,441	99.984%
2013	2,293,161	2,202,566	96.05%	90,083	2,292,649	99.978%
2014	2,297,252	2,208,350	96.13%	88,252	2,296,602	99.972%
2015	2,295,559	2,211,958	96.36%	81,963	2,293,921	99.929%
2016	2,298,187	2,197,967	95.64%	75,523	2,273,490	98.925%
2017	2,303,287	2,214,456	96.14%	-	2,214,456	96.143%

Source: Falls Township Tax Collector

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

Fiscal year	Governmental activities		Business-Type activities		Total Primary government	Percentage of personal income	Per Capita	Per W/S customer
	General obligation bonds	General obligation notes	General obligation bonds	General obligation notes				
2008	\$ 3,055,000	\$ -	\$ -	\$ -	\$ 3,055,000	2.03%	\$ 91	\$ -
2009	-	-	-	-	-	0.00%	-	-
2010	-	-	-	-	-	0.00%	-	-
2011	-	-	-	-	-	0.00%	-	-
2012	-	-	-	-	-	0.00%	-	-
2013	-	-	-	-	-	0.00%	-	-
2014	-	-	-	-	-	0.00%	-	-
2015	-	-	-	-	-	0.00%	-	-
2016	-	-	-	-	-	0.00%	-	-
2017	-	-	-	-	-	0.00%	-	-

Source: Falls Township records

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

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

<u>Year</u>	<u>Population(a)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2008	33,579	\$ 319,451,830	\$ 3,055,000	-	\$ 3,055,000	0.010	\$ 91
2009	34,865	319,378,910	-	-	0.00	0.000	0
2010	34,300	319,403,310	-	-	0.00	0.000	0
2011	33,522	318,396,180	-	-	0.00	0.000	0
2012	34,300	317,612,260	-	-	0.00	0.000	0
2013	34,300	318,178,960	-	-	0.00	0.000	0
2014	34,367	317,944,500	-	-	0.00	0.000	0
2015	33,901	318,507,940	-	-	0.00	0.000	0
2016	33,714	318,479,530	-	-	0.00	0.000	0
2017	33,909	320,511,580	-	-	0.00	0.000	0

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

Source: Falls Township records

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

TOWNSHIP OF FALLS
 Direct & Overlapping Governmental Activities Debt
 December 31, 2017

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Township of Falls</u>	<u>Amount Applicable to Township of Falls</u>
Township of Falls (a)	\$ -	100.00%	\$ -
Pennsbury School District (b)	173,755,000	35.44%	61,578,772
Bucks County (c)	<u>244,344,000</u>	3.89%	<u>9,504,982</u>
 Total - Overlapping Debt	 \$ 418,099,000		 \$ 71,083,754

Sources:

- (a) Falls Township financial records
- (b) Pennsbury School District Business Office
- (c) Bucks County Finance Office

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping unit's taxable assessed value that is within the Township's boundaries and dividing it by the unit's total taxable assessed value.

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

TOWNSHIP OF FALLS
Legal Debt Margin Information
Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 47,310,563	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222
Total Net Debt applicable to limit	3,055,000									
Legal Debt Margin	\$ 44,255,563	\$ 47,380,837	\$ 47,821,747	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222
Total net debt applicable to the limit as a percentage of debt limit	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Year 2017

Borrowing Base Revenues: (a)	
2015	\$ 21,191,366
2016	22,521,151
2017	28,927,349
	<u>\$ 72,639,866</u>

Average Borrowing Base Revenues:	\$ 24,213,289
Debt Limit Percentage	X

Debt Limit	\$ 60,533,222
Less: Total Amount Of Debt Applicable to Debt Limit (b)	-

Legal Debt Margin \$ 60,533,222

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

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

Source: Falls Township records

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

<u>Year</u>	<u>Gross Revenues (a)</u>	<u>Operating Expenses (b)</u>	<u>Net Revenues Available (Unavailable) for Debt Service</u>	<u>Debt Requirements</u>	<u>Coverage</u>
2008	\$ -	\$ -	\$ -	\$ 625,344	0.00
2009	-	-	-	-	0.00
2010	-	-	-	-	0.00
2011	-	-	-	-	0.00
2012	-	-	-	-	0.00
2013	-	-	-	-	0.00
2014	-	-	-	-	0.00
2015	-	-	-	-	0.00
2016	-	-	-	-	0.00
2017	-	-	-	-	0.00

(a) Total revenues including interest income.

(b) Total expenses excluding depreciation & debt payments.

Source: Falls Township Records

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

TOWNSHIP OF FALLS
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Income</u>	<u>School District Enrollment (b)</u>	<u>Number of Dropouts (b)</u>	<u>Dropouts as % of Enrollment</u>	<u>Unemployment Rate (c)</u>
2008	33,579	N/A	11,660	30	0.26%	5.9%
2009	34,865	N/A	11,423	35	0.31%	7.2%
2010	34,300	N/A	11,362	38	0.33%	6.8%
2011	33,522	N/A	10,967	32	0.29%	6.7%
2012	34,300	N/A	10,605	30	0.28%	7.2%
2013	34,300	N/A	10,673	30	0.28%	5.4%
2014	34,367	N/A	10,457	29	0.28%	4.3%
2015	33,901	N/A	10,477	28	0.27%	3.6%
2016	33,714	N/A	10,340	29	0.28%	3.9%
2017	33,969	N/A	10,530	18	0.17%	3.8%

Data Sources:

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

(b) Pennsbury School District, as of 6/30/17

(c) Homefacts.com, Township of Falls, Bucks County, PA

N/A Data not available

TOWNSHIP OF FALLS
Principal Employers
Current Year and Nine Years Ago

Employer	Description	2017			2008		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Pennsbury School District	Public Education	934	1	3.03%	942	2	4.13%
Aria Health - Bucks County Campus	Hospital	831	2	2.70%	1,229	1	5.39%
Eckerd/Rite Aid	Warehouse/Retail Store	592	3	1.92%	682	3	2.99%
Kmart Distribution Center	Warehouse Distribution	258	4	0.84%	511	4	2.24%
U-Haul Falls Manufacturing	Manufacturing	251	5	0.82%			
Peruzzi	Auto Sales	236	6	0.77%	197	8	0.86%
Praxair Distribution	Gas Supply/Manufacturing	211	7	0.69%			
Home Depot	Retail Store	201	8	0.65%	190	9	0.83%
Univar	Chemicals	169	9	0.55%			
Abington Reldan Metals	Metals Refinery	148	10	0.48%			
Gamesa Wind	Alternative Energy				487	5	2.14%
Walmart	Retail Store				323	6	1.42%
Waste Management	Waste Collector				218	7	0.96%
Sheraton Bucks County	Hotel				175	10	0.77%
Total		3,831		12.44%	4,954		21.73%

Source: Respective Companies and Township Records

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	13	16	16	16	16	16	16	16	16	18
Public Safety										
Police										
Officers	52	53	52	53	51	51	51	51	52	51
Civilians	7	7	7	7	7	7	7	7	7	7
Fire										
Civilians	3	4	4	4	4	4	4	4	4	4
Highway and Streets										
Maintenance	15	15	15	16	16	16	16	16	17	17
Sanitation										
Culture and Recreation	2	3	3	3	3	3	4	3	2	2
Water	0	0	0	0	0	0	0	0	0	0
Sewer	0	0	0	0	0	0	0	0	0	0
Totals	<u>92</u>	<u>98</u>	<u>97</u>	<u>99</u>	<u>97</u>	<u>97</u>	<u>98</u>	<u>97</u>	<u>98</u>	<u>99</u>

Sources: Township documents

FALLS TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Arrests	1,426	1,351	1,050	872	847	873	912	763	1,003	835
Parking Violations	211	167	296	107	125	192	106	70	219	178
Traffic Violations	2,080	2,012	2,076	1,283	1,403	1,413	1,958	1,967	3,423	3,445
Animal Control Investigations	300	326	341	326	272	272	255	224	320	348
Fire										
Number of calls answered	1,653	1,497	1,584	1,518	1,494	1,416	1,475	1,521	1,470	1,578
License and Inspection										
Business Licenses	1,572	1,450	1,360	1,384	1,481	1,363	1,764	1,404	1,902	1,799
Building Permits	909	593	737	747	564	645	571	777	553	522
Electrical Permits	763	477	332	331	430	445	495	459	596	533
Highways and Streets										
Road Reconstruction (lineal feet)	10,900	20,172	6,450	6,848	11,939	11,596	-	-	-	1,300
Culture and Recreation										
Community Park Watercraft Permits	177	210	180	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community Park Pavilion Rentals	110	94	100	99	103	87	84	93	90	84
Water										
Water Permits	-	-	-	-	-	-	-	-	-	-
Sewer										
Sewer Permits	-	-	-	-	-	-	-	-	-	-

Sources: Various government departments

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

FALLS TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	50	51	53	55	55	60	59	57	57	56
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75	86.75
Streetlights - R	2465	2465	2465	2465	2465	2465	2465	2465	2465	2465
Streetlights - H	83	83	83	83	83	83	83	83	83	83
Traffic Signals	34	34	34	34	34	34	34	34	34	34
Culture and Recreation										
Parks Acreage	413.11	413.11	413.11	413.33	413.33	413.33	413.33	413.33	413.33	413.33
Parks	16	16	16	16	16	16	16	16	16	16
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains	3290	3290	3290	3290	3290	3290	3290	3290	3290	3290
Sewer										
Sanitary Sewers	-	-	-	-	-	-	-	-	-	-

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

TOWNSHIP OF FALLS
 Schedule of Insurance
 As of December 31, 2017

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>		<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Deductible</u>	<u>Annual Premium</u>	
		<u>From</u>	<u>To</u>					
Delaware Valley Insurance Trust	DVWCT RISK POOL	1/1/2017	1/1/2018	Workers Compensation	\$1M/\$1M/\$1M	\$ -	\$ 467,737	
	DVWCT RISK POOL	1/1/2017	1/1/2018	Heart & Lung Act	100,000	-	24,609	
Fidelity & Deposit	POB08877912	3/24/2017	3/24/2018	Public Official Bond for Manager	2,000,000	\$ -	\$ 2,619	
	POB08927696	5/1/2017	5/1/2018	Public Official Bond for Finance Dir	2,000,000	-	2,619	
	POB09107657	1/1/2017	1/1/2018	Public Official Bond for Sec/Treas	2,000,000	-	2,619	
AIG Insurance Co / National Union Fire Insurance Co	SRG9142988/2979/2980	1/1/2017	1/1/2018	Volunteer Accident for Vol Fire Cos.	250,000	\$ -	\$ 1,500	
	SRG9147638	10/24/2017	10/24/2018	Volunteer Accident for Rescue Squad	250,000	-	600	
Traveler's	630-1H335843	6/18/2017	6/18/2018	Property	20,464,942	\$ 5,000	\$ 17,785	
	ZLP-15T47305			General Liability	2,000,000	-	28,305	
	ZLP-15T47305			Employment Practices Liability	2,000,000	15,000	16,015	
	630-1H335843			Crime	As Specified	As Specified	334	
	810-2C412812			Automobile	1,000,000	1,000	123,129	
	ZUP-41M59670			Umbrella	3,000,000	10,000	33,680	
	ZLP-15T47305			Public Officials Liability	2,000,000	10,000	6,526	
	ZLP-15T47305			Law Enforcement Liability	2,000,000	15,000	59,057	
	ZLP-15T47305			Employee Benefits Liability	3,000,000	1,000	381	
	630-1H335843			Inland Marine	1,000,000	50,000	6,164	
Traveler's	ZPL-91M61525	6/17/2017	6/17/2018	Cyber Liability / Computers	500,000	\$ 1,000	\$ 3,637	
Crum & Forsler	PLL-104360	6/18/2017	6/18/2018	Pollution	500,000	\$ 10,000	\$ 4,182	
Hartford Insurance Co	ETB-116037	12/14/2017	12/14/2018	Killed in Service/Act 30/Life & AD&D	500,000	\$ -	\$ 9,026	
Lloyd's of London / WNC Ins Svc	VCFM00003744-00	6/18/2017	6/18/2018	Flood - Millcreek Sports Complex	500,000	\$ 1,000	\$ 2,047	
	FLEX3709010229-01	12/28/2017	12/28/2018	Excess Flood-282 Trenton Rd	500,000	1,000	2,878	
Philadelphia Indemnity	FLD-1819763	10/10/2017	10/10/2018	National Flood-Concession-Millicreek	176,000	\$ 1,500	\$ 919	
	FLD-1819824	10/10/2017	10/10/2018	National Flood-Kiosk-Pennsbury	70,400	1,000	547	
Total premium							\$	\$ 816,915

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2017

<u>Area:</u>	26.516 sq. miles
<u>Date of Incorporation:</u>	July 27, 1692
<u>Form of Government:</u>	Second Class Township
<u>Governing Body:</u>	Board of Supervisors
<u>Population:</u>	1890 - 2,463 1900 - 1,886 1910 - 1,851 1920 - 1,788 1930 - 2,004 1940 - 2,364 1950 - 3,540 1960 - 29,082 1970 - 35,850 1980 - 36,083 1990 - 34,997 2000 - 34,865 2010 - 34,300
<u>Median Age:</u>	1980 - 28.8 1990 - 33.6 2000 - 36.4 2010 - 39.1
<u>2010 Census Profile:</u>	<u>Race / Ethnicity</u> 86.5% - White 5.8% - Black or African American 0.2% - American Indian and Alaskan Native 4.2% - Asian 1.3% - Some Other Race 2.1% - Two or More Races 4.4% - Hispanic or Latino (of any race)
<u>Current Statistics:</u>	<u>Housing</u> 13,609 - Total Housing Units (in 2010) \$302,500 - Median Home Price (at 12/2016) \$1,210 - Median Rent - 2 Bedroom (at 12/2016)

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2017

Park & Recreation Facilities:

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

Parks & Recreation:

Acreage

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

Cultural & Historical Facilities:

- Township - Three Arches
- State - Pennsbury Manor

Street System:

- 86.75 Local Miles
- 45.60 State Miles

Highways:

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

Number of Street Lights:
(All Township Owned)

- 2,465 Residential
- 83 Highway

Sanitary Sewage:

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

Water:

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

(a) Source: Township of Falls Authority

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2017

Education:

Pennsbury School District
 10 Elementary Schools
 3 Middle Schools
 1 High Schools (East & West Campus)
 10,530 Students

Libraries:

Fallsington Library

Apartment Complexes:

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

Banks:

Bank of America
 Wells Fargo Bank
 Citizens Bank
 TD Bank

Rail:

No rail stations

Bus:

No terminal

Airfield:

No airfield

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2017

Public Utilities:

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

Newspapers:

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

Television:

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

Churches:

13

Hospitals:

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

Senior Housing:

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

Source: Falls Township records

