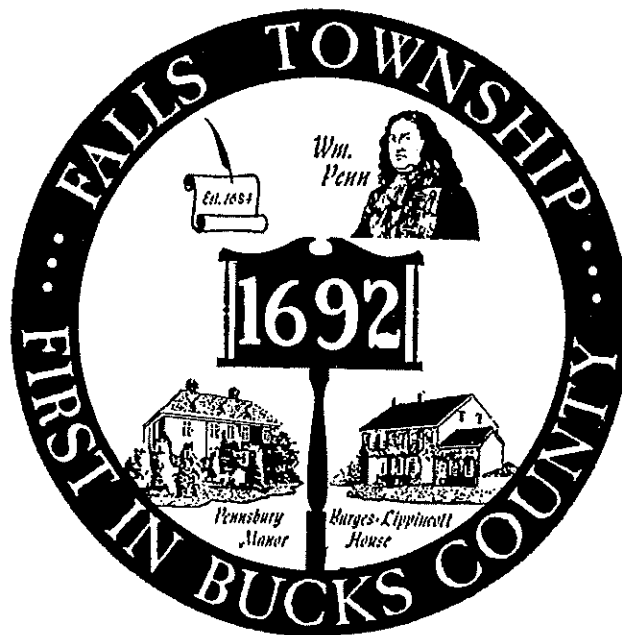


Township of Falls County of Bucks, Pennsylvania

“328 Years of Service to the Community”

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020



Prepared by Jean E. Reukauf
Finance Director

TOWNSHIP OF FALLS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2020

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Comprehensive Annual Financial Report
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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 30, 2021

Board of Supervisors

Jeff Boraski
Jeffrey E. Dence
Brian M. Galloway
John Palmer
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, 2020 is hereby submitted.

This report presents the financial position of the Township of Falls as of December 31, 2020, 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 streetlights. In addition to general government activities, the governing body has a fiduciary responsibility for pension trust funds and custodial 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 several major retail shopping areas in the Township, most notable of which are the Court at Oxford Valley and the Fairless Hills Shopping Center. Jefferson Health's Bucks County Campus, one of three major hospitals that serve the Lower Bucks County area, is in Falls Township.

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 9,907. 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 Falls Township Police Department started in 1948 with the hiring of Franklin Kirby as a part-time police officer. Kirby was made Chief of Police in 1950 and was the Township's only police officer. By 1959, the department had grown to 28 officers as the population of Falls Township grew with the establishment of the U.S. Steel facility. Today, the Falls Township Police Department has a force of 52 sworn officers. The towns of Morrisville, Fallsington, Fairless Hills, and Levittown all have residents within the borders of Falls Township.

The Police Department's 52 sworn officers includes the Chief of Police and two Lieutenants. The department has clerical and support personnel including a records division, evidence custodian/court liaison and range officers. The department has a fleet of 41 police vehicles. The Police Department has officers assigned to the Bucks County South SWAT Team, the Bucks County Major Incident Response Team (MIRT), as well as officers trained in traffic crash reconstruction, crisis negotiation, drug investigations and police canine. Currently, 13 officers are trained as Emergency Medical Technicians (EMTs).

The men and women of the Falls Township Police Department work hard to provide the highest level of police services to the community. The Department takes pride in proactively addressing issues through aggressive, targeted patrols. Officers are provided with the training and equipment needed to accomplish this mission. The Falls Township Police Department is accredited by the Pennsylvania Chiefs of Police Association and meets or exceeds the best practices standards of the police profession.

The Falls Township Police Department pioneered the concept of "Special Populations" to proactively address a wide range of issues including Megan's Law offenders, people suffering with mental illness, drug dependency and addiction, and the homeless. The policing model that the Falls Township Police Department uses combines aspects of community-oriented policing, problem-oriented policing,

intelligence-lead policing, and evidence-based policing with a proactive focus on traffic enforcement and drug enforcement. The Falls Township Police Department seeks at all times to reduce serious crime, hold offenders accountable, maintain safety and order, reassure the public, provide quality services, use force and authority fairly and effectively, and use financial resources fairly, efficiently and effectively.

The Falls Township 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. 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. Most recently, the department launched a very successful Food Bank Program collecting non-perishable, non-expired food and toiletries for donation to our area food banks serving local, less fortunate families. Donations can be dropped off or non-contact pickup can be arranged by emailing Fallsfoodbank@fallstwp.com. The Fire Marshal's department is made up of the fire marshal, three full-time inspectors, and one secretary.

Falls Township is served by three volunteer Fire Companies – Falls Fire Company, Levittown Fire Company, and Fairless Hills Fire Company. The Township is also served by two Rescue Squads – Levittown Fairless Hills Rescue Squad and Capital Health EMS. These agencies provide professional emergency services to Falls Township twenty-four hours a day, 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 2020) 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. In total, approximately one hundred individuals volunteer for the three Fire Companies and about twenty volunteer at the Rescue Squads.

The Falls Township Parks and Recreation Department is responsible for the overall supervision of nineteen parks, facilities, and open space areas. Falls Township's parks 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; a fishing pier at the Community Park lake; a boat ramp located in Quaker Penn Park, which provides area boaters access to the Delaware River; and, a maintenance-free compost toilet facility in Quaker Penn Park benefitting users of the park's Babe Ruth baseball field and playground equipment. These parks, facilities, and open space areas are maintained by the Township's Public Works department and patrolled by the Park Security staff. In 2020, the department launched a playground replacement program intending to update/replace playgrounds on a yearly basis to bring our play spaces up to the highest standards possible. This initiative began with the replacement of play equipment at Kirby Park and at Mill Creek Manor Playground. The Parks and Recreation Department also provides year-round programs and activities for our residents and non-residents as well.

In addition to the 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 farmland, 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.

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 brought capital investment and job creation to Falls Township and, with the expiration of the tax abatement period in 2019, those businesses are now on the tax rolls. Some of the companies now located there include CSC Sugar, Reed Minerals, Airgas USA, Sika Corporation, Dominion Power, Toll Brothers, Morton Salt, Kinder Morgan, Exelon, A.L. Patterson, Abington Reldon, Hiossen, Mount Materials, Four Seasons Trucking, GMA Garnet, U.S. Steel Galvanizing, Kelly Pipe, Covanta, Fox Railroad Construction, Mazza Iron & Steel, Resource Recycling Management, LLC, and MM Metals USA, LLC.

In 2020, the redevelopment continued with NorthPoint Development, the new owner of 1,846 acres of the former U.S. Steel site, who plans to begin construction of 10 million square feet of warehouse space, attracting a variety of large Fortune 500 companies to Falls Township. Effective 1/1/2021, this 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, a fifteen-year tax abatement was granted to make the site more attractive to businesses opting to relocate into the Township. NorthPoint Development intends to rename the site the Keystone Trade Center. This expansive redevelopment project includes a multi-million-dollar remediation effort, demolition of old buildings, fresh landscaping throughout, upgraded utilities, and refreshed roadways and rail lines. The company is expected to invest more than \$1 billion into our community. Once complete, this project will provide between five- to ten-thousand new jobs for our Township.

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, 2020, the Township is legally able to borrow over \$77.9 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, 2020, the Township had approximately \$37,000,000 in the account. With aggressive savings and competitive interest rates, it is anticipated that the interest earned can assist the General Fund with a revenue stream on an annual basis achieving the Township's goal of funding operating costs long after tipping fees have ceased.

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

Throughout 2020, Falls Township remained committed to providing services to our community despite the effects of the COVID-19 pandemic. Everyone across all departments of the organization stepped up to the challenges brought on by the pandemic and worked tirelessly to continue to provide outstanding service. Through technology and innovation, departments adapted to working and meeting remotely to ensure uninterrupted operations for the residents and businesses we serve. The Township has implemented new procedures and secured updated software systems to increase capabilities and efficiencies as we continue to move past the difficulties brought on by the coronavirus.

During 2020, 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 2020 marks the eighteenth 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 2020, the Township planned for the full depth reconstruction of Simons Drive, Gilbert Drive, Hamilton Avenue, Decou Drive, Burgess Avenue, and West Burgess Avenue and the mill and overlay of Walnut Lane and North Lafayette Avenue. 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.

Other Information

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2020 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 a qualified opinion on the governmental activities opinion unit and an unmodified opinion on all other opinion units for the year ended December 31, 2020. This is explained in further detail on page 16 of the Independent Auditor's Report.

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 for the fiscal year ended December 31, 2019. This was the twenty-second consecutive year that the Township has received this prestigious award. 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 2020 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 30, 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Township of Falls
Pennsylvania**

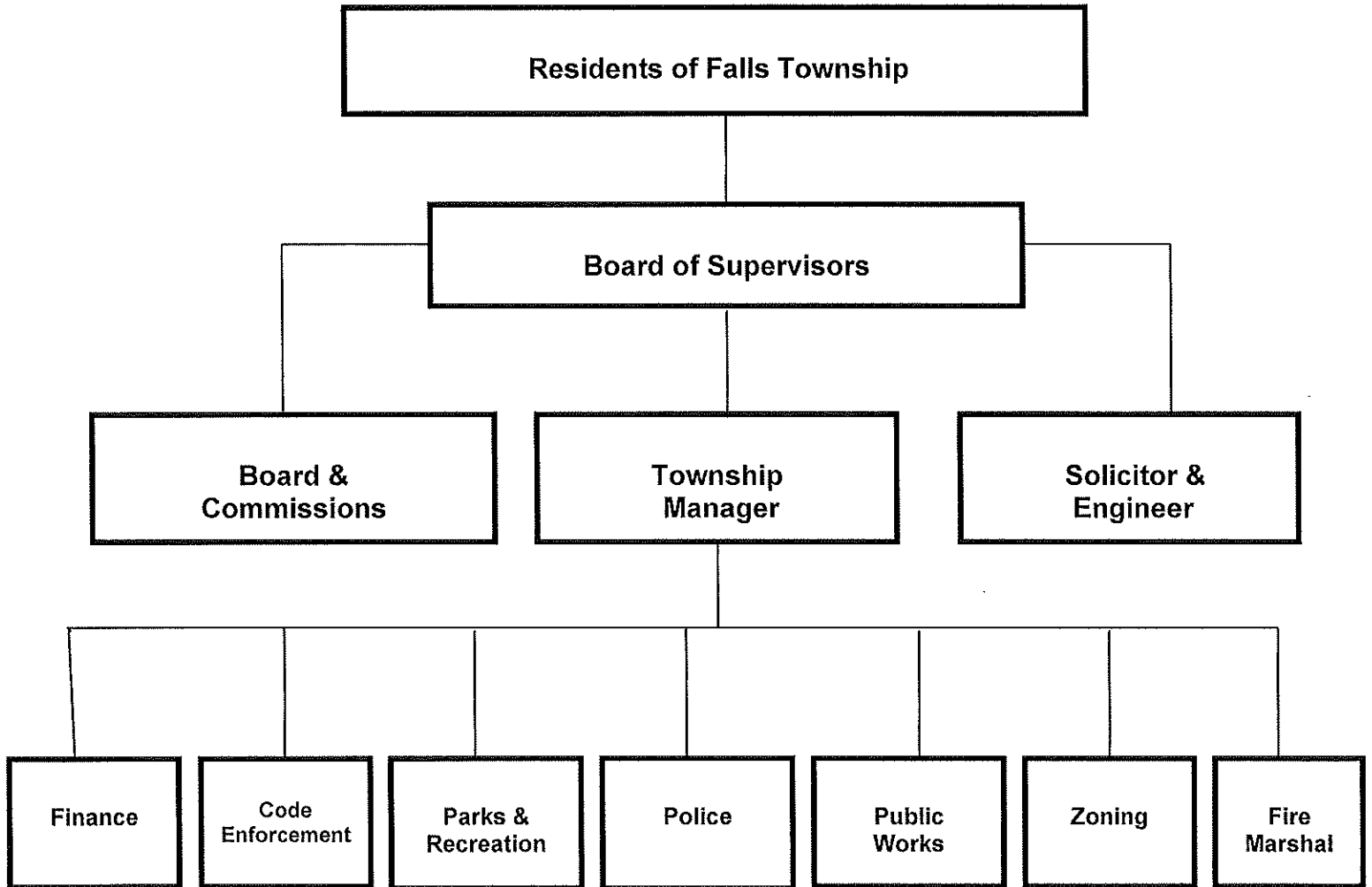
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

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 | |

2020 BOARD OF SUPERVISORS

Jeffry E. Dence, Chairperson

Jeff Boraski, Vice Chairperson

Jeffrey Rocco, Secretary/Treasurer

Brian M. Galloway, Member

John Palmer, Member

CURRENT EXECUTIVE OFFICIALS

Matthew Takita, AIA, MCP, Township Manager/CCEO/Zoning Officer

Michael P. Clarke, Esq., Township Solicitor

Joseph G. Jones, PE, CFM, Township Engineer

Nelson Whitney, Police Chief

Henry Ward, Police Lieutenant

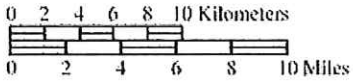
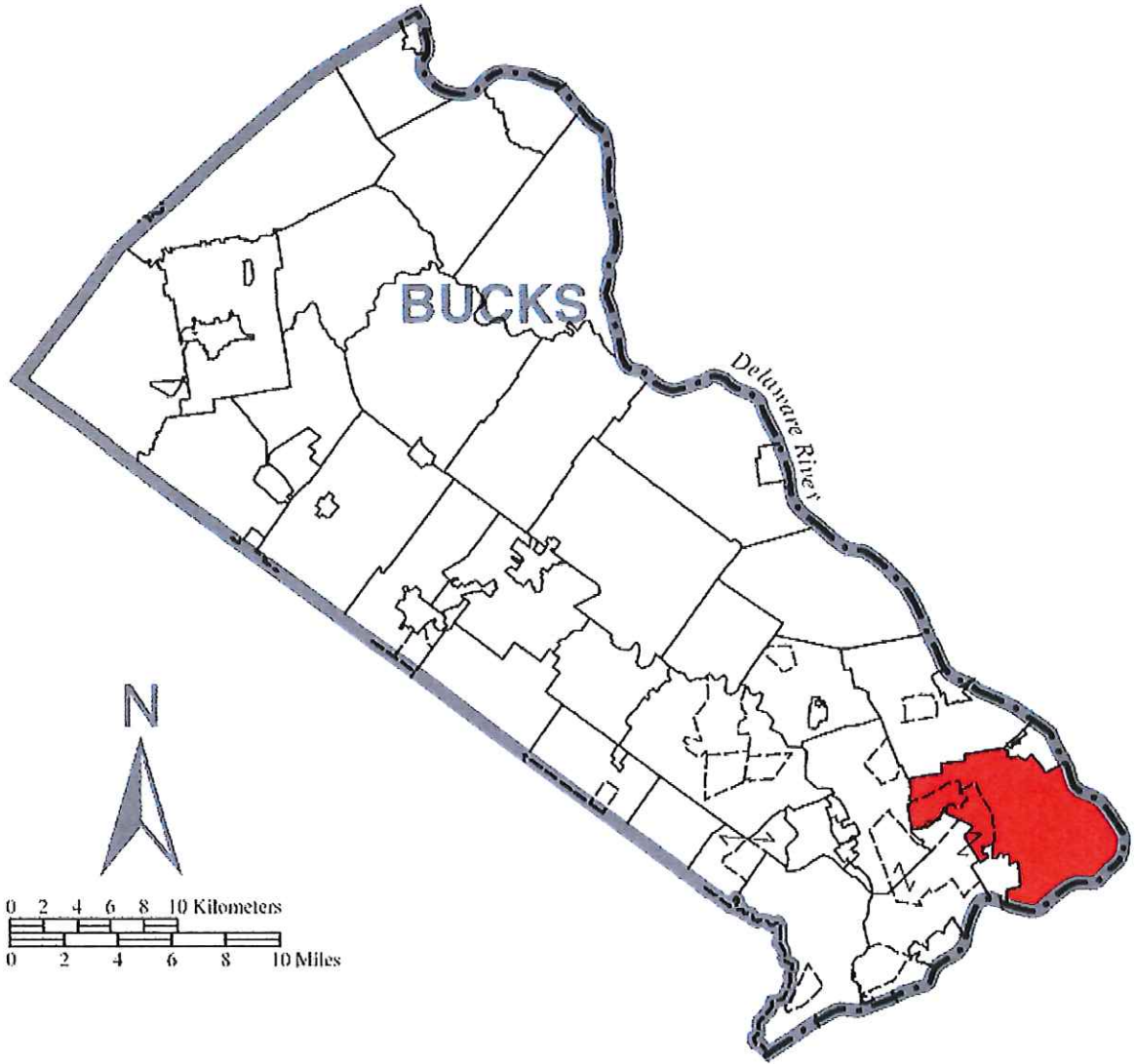
Jean E. Reukauf, Finance Director

Richard Dippolito, CFEL, CVFI, Emergency Services Director/Fire Marshal

Jason R. Lawson, Public Works Director

Brian Andrews, Parks & Recreation Director

**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, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania (the Township) as of and for the year ended December 31, 2020, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Capital Reserve Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities Opinion Unit

As explained in Note 4E to the financial statements, pension plan data for the Township's non-uniform defined benefit pension plan is based on the measurement date of December 31, 2018 provided by Pennsylvania Municipal Retirement System (PMRS). The governmental activities, required supplementary information and notes to the financial statements present only the prior year ending balances and does not include or disclose any current year activity, due to the inability to obtain reports from PMRS. The inability to obtain the reports is due to delays on the part of PMRS, and is out of the control of the Township of Falls. Accounting principals generally accepted in the United States of America requires pension data be based on update procedures to roll forward amounts from an earlier actuarial valuation performed. The amount by which this departure would affect the deferred inflows, deferred outflows, liabilities, and net position of governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities Opinion Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the TOWNSHIP OF FALLS, as of December 31, 2020, and the respective changes in financial position thereof for the year ended in accordance with accounting principals generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF FALLS, Pennsylvania, as of December 31, 2020, and the respective changes in financial position

and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

asset schedules and the budgetary comparison schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

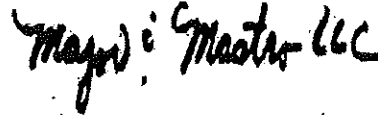
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Township's 2019 financial statements and, in our report dated August 28, 2020, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

July 28, 2021

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

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

**Falls Township
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2020**

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, 2020. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the governmental activities of Falls Township exceeded its liabilities by \$116,742,373 and \$115,367,670 at the close of the years ended December 31, 2020 and 2019, respectively. Of the 2020 amount, \$26,761,908 may be used to meet the government's ongoing obligations for general operations of the Township, whereas in 2019, \$25,248,813 was available for that purpose.

The Township's governmental net position increased by a total of \$1,374,703 during 2020. 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 2020, Falls Township's governmental funds reported combined ending fund balances of \$55,148,866. As a comparison, at the end of 2019, the balance was \$53,941,646, an increase of \$1,207,220.

Business-type activities' net position decreased by \$47,377 from \$39,773 in 2019 to (\$7,604) in 2020. The reason for this decrease was the forced closure of the Township's Pinewood Pool for the 2020 season per CDC guidelines due to the COVID-19 pandemic.

At the end of the 2020, the unassigned fund balance for the general fund was \$41,088,618 or 151% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

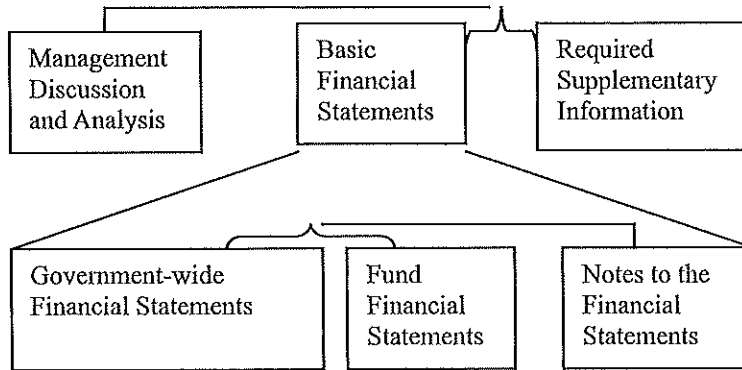
This discussion and analysis are intended to serve as an introduction to Falls Township's basic financial statements. Falls Township's basic financial statements are comprised of three components:

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

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

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

Figure 1
Required Components of
Falls Township's Financial Report



Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

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

Other information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. For Falls Township, assets and deferred outflows of resources exceed liabilities by \$116,734,769 and \$115,407,443 at the close of the years ended December 31, 2020 and 2019, respectively.

The following table provides a summary of the Township's net position on December 31, 2020 compared to the prior year's figures:

**FALLS TOWNSHIP
NET POSITION**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 58,366,973	\$ 56,502,032	\$ -	\$ -	\$ 58,366,973	\$ 56,502,032
Capital assets	87,526,313	87,863,974	162,700	162,700	87,689,013	88,026,674
Total Assets	\$ 145,893,286	\$ 144,366,006	\$ 162,700	\$ 162,700	\$ 146,055,986	\$ 144,528,706
Deferred Outflows of Resources	\$ 1,665,611	\$ 2,735,171	\$ -	\$ -	\$ 1,665,611	\$ 2,735,171
Long-term liabilities outstanding	\$ 26,793,706	\$ 27,935,149	\$ -	\$ -	\$ 26,793,706	\$ 27,935,149
Other liabilities	3,091,988	2,442,693	170,304	122,927	3,262,292	2,565,620
Total Liabilities	\$ 29,885,694	\$ 30,377,842	\$ 170,304	\$ 122,927	\$ 30,055,998	\$ 30,500,769
Deferred Inflows of Resources	\$ 930,830	\$ 1,355,665	\$ -	\$ -	\$ 930,830	\$ 1,355,665
Net Position:						
Net Investment in capital assets	\$ 87,526,313	\$ 87,863,974	\$ 162,700	\$ 162,700	\$ 87,689,013	\$ 88,026,674
Restricted	2,283,848	2,131,956	-	-	2,283,848	2,131,956
Unrestricted	26,932,212	25,371,740	(170,304)	(122,927)	26,761,908	25,248,813
Total Net Position	\$ 116,742,373	\$ 115,367,670	\$ (7,604)	\$ 39,773	\$ 116,734,769	\$ 115,407,443

The largest portion of Falls Township's net position, 75.1%, 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, 1.96%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$26,761,908, may be used to meet the government's ongoing obligations to citizens and creditors of the Township.

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

CHANGES IN NET POSITION

Governmental activities

Governmental activities increased Falls Township's net position by \$1,374,703 for the year ended December 31, 2020, adding to the increase of \$6,710,856 for the year ended December 31, 2019. The recovery of cash reserves in 2020, while much less than the prior year, is due to the continued 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 \$47,377 for the year ended December 31, 2020 negating the 2019 increase in net position of \$40,506. In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a global pandemic, causing the United States government to declare a national emergency. As a result, all businesses not deemed life sustaining were forced to close temporarily. This included the closure of the Township's Pinewood Pool for the 2020 season. As a result, there were no operating revenues for the year ended December 31, 2020.

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, 2020 compared to the prior year's figures.

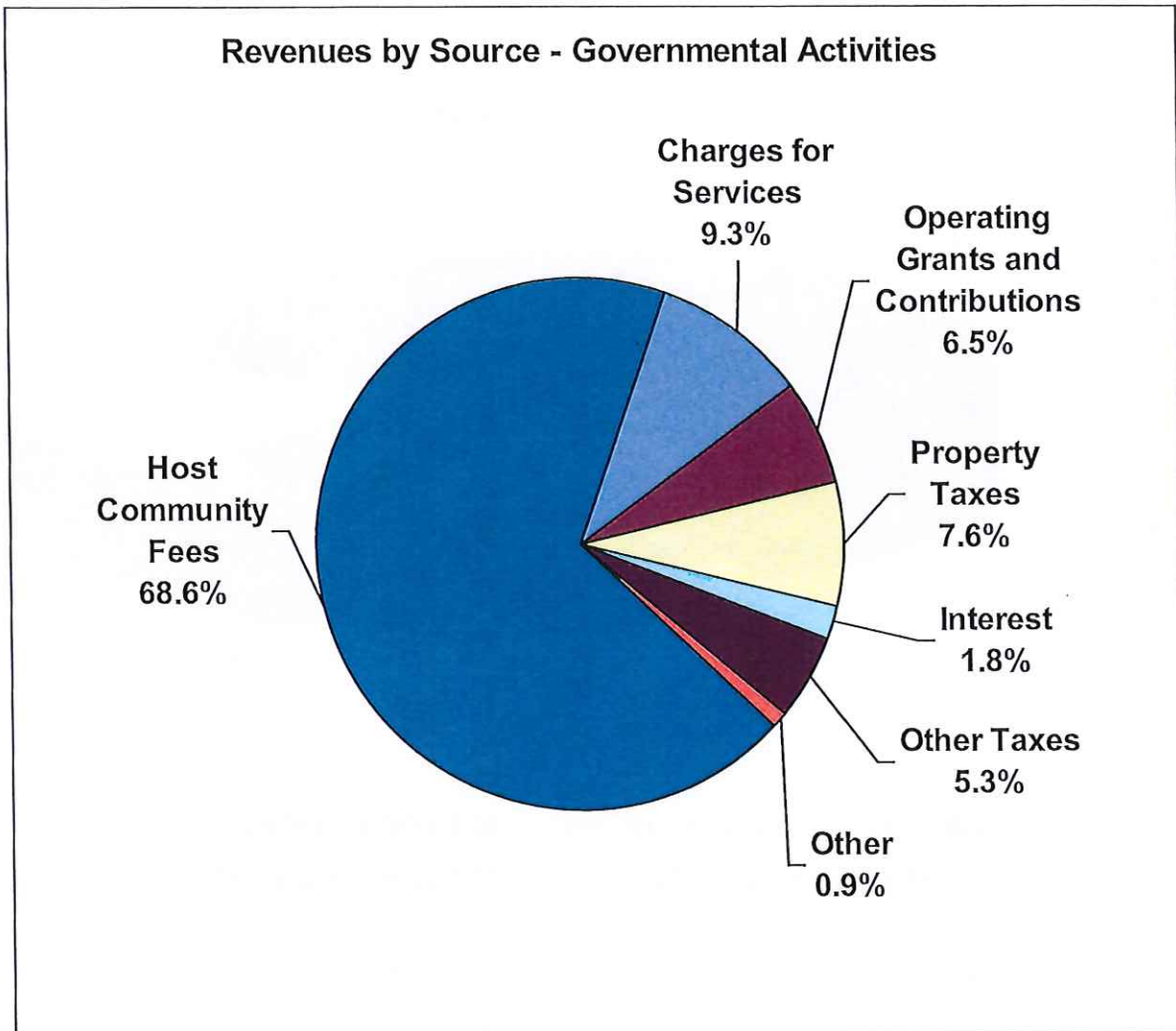
**FALLS TOWNSHIP
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019*</u>	<u>2020</u>	<u>2019*</u>	<u>2020</u>	<u>2019</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,947,969	\$ 3,481,336	\$ -	\$ 198,714	\$ 2,947,969	\$ 3,680,050
Operating Grants and Contributions	2,060,483	2,115,820	-	-	2,060,483	2,115,820
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	2,386,023	2,372,703	-	-	2,386,023	2,372,703
Other taxes	1,661,795	1,816,254	-	-	1,661,795	1,816,254
Host Community Fees	21,630,113	23,098,151	-	-	21,630,113	23,098,151
Other	843,806	1,143,225	-	-	843,806	1,143,225
Total Revenues	<u>31,530,189</u>	<u>34,027,489</u>	<u>-</u>	<u>198,714</u>	<u>31,530,189</u>	<u>34,226,203</u>
EXPENSES:						
General Government	3,912,871	3,249,482			3,912,871	3,249,482
Public Safety	18,449,272	16,036,113			18,449,272	16,036,113
Highway and Streets	6,311,940	6,523,490			6,311,940	6,523,490
Culture and Recreation	1,431,403	1,457,548			1,431,403	1,457,548
Pinewood Pool	-	-	97,377	208,208	97,377	208,208
Total Expenses	<u>30,105,486</u>	<u>27,266,633</u>	<u>97,377</u>	<u>208,208</u>	<u>30,202,863</u>	<u>27,474,841</u>
Excess (deficiency) before transfers	1,424,703	6,760,856	(97,377)	(9,494)	1,327,326	6,751,362
Transfers	(50,000)	(50,000)	50,000	50,000	-	-
Change in Net Position	<u>1,374,703</u>	<u>6,710,856</u>	<u>(47,377)</u>	<u>40,506</u>	<u>1,327,326</u>	<u>6,751,362</u>
Net Position, Beginning	<u>115,367,670</u>	<u>108,656,814</u>	<u>39,773</u>	<u>(733)</u>	<u>115,407,443</u>	<u>108,656,081</u>
Net Position, Ending	<u>\$ 116,742,373</u>	<u>\$ 115,367,670</u>	<u>\$ (7,604)</u>	<u>\$ 39,773</u>	<u>\$ 116,734,769</u>	<u>\$ 115,407,443</u>

* Restated to conform to current year presentation

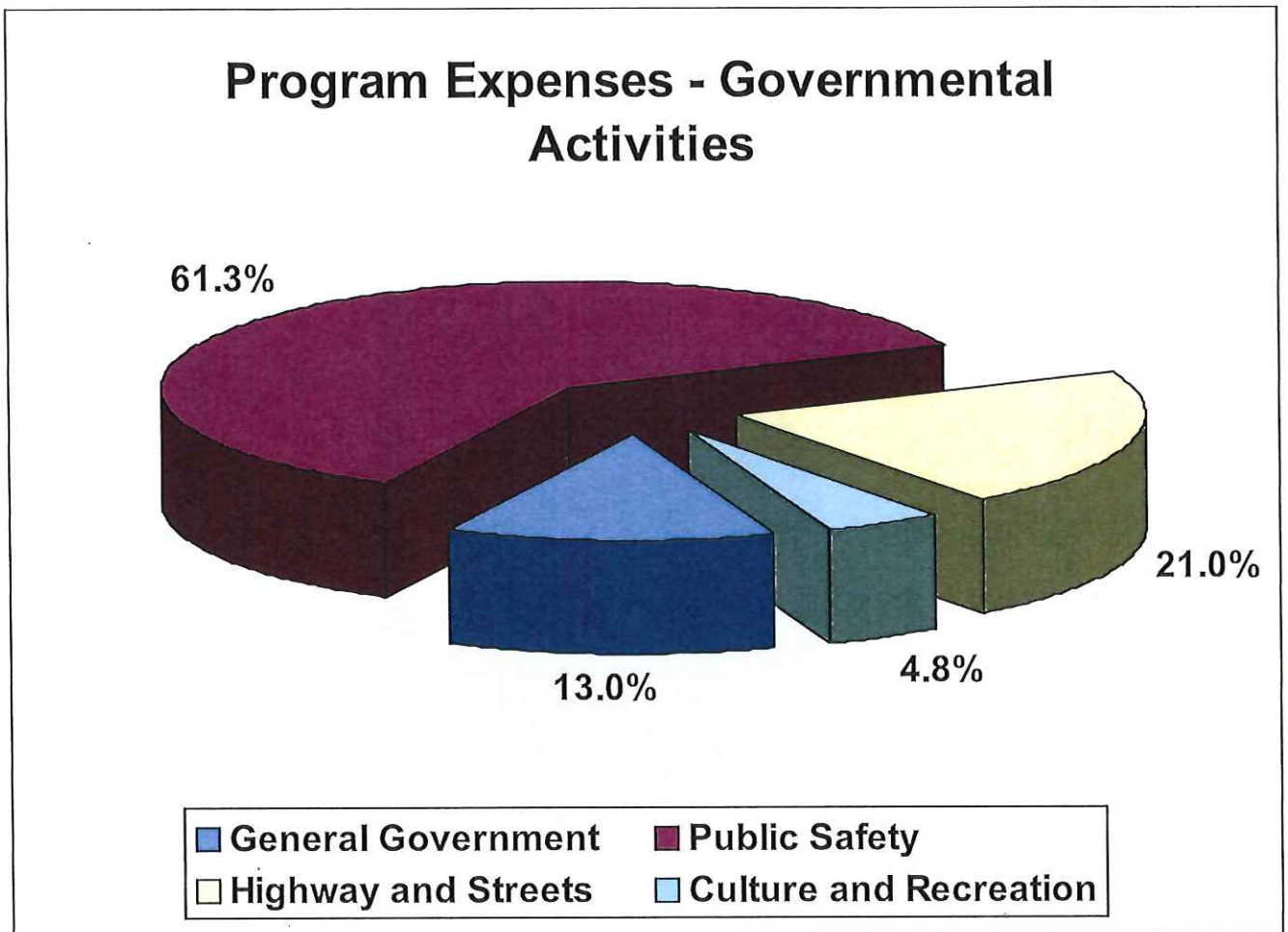
Governmental Activities

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2020:



Of the total Government-wide revenues of \$31,530,189, \$21,630,113 were Host Community Fees or “tipping” fees received from Waste Management for the landfill and incinerator operations. Also contributing to the Township’s revenue stream were Charges for Services with revenues of \$2,947,969 which were generated for various items from business licenses to permits. Property taxes netted the Township \$2,386,023, Other Taxes brought in \$1,661,795, Operating Grants and Contributions added \$2,060,483, Interest Earnings netted \$562,396, and Other (miscellaneous) revenues were \$281,410.

The following chart shows the Government-wide sources of program expenses and revenues for the year ended December 31, 2020:

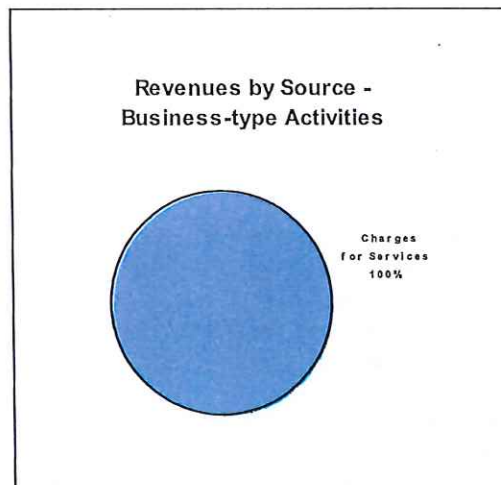
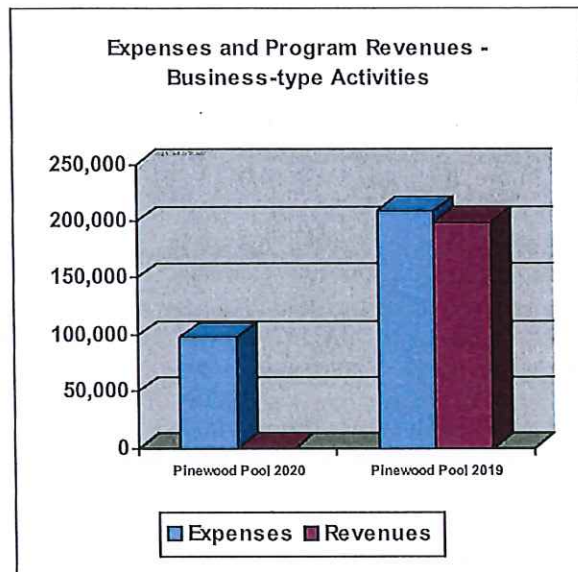


Most of the expenses that occurred in the year 2020 were related to Public Safety. Public Safety expenses were \$18,449,272. This broad category encompasses police protection, animal control, fire marshal's services, code enforcement, zoning services and environmental protection. Highway and Streets expenses were \$6,311,940 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 \$1,431,403 which includes maintenance/upgrades at 19 parks, facilities, and open space areas. General Government expenses were \$3,912,871 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 \$47,377. The single business-type activity of Falls Township is the operation of the Pinewood Pool.

The Pinewood Pool fund experienced an operating loss of \$97,377 in 2020. The operating loss was partially offset by an interfund transfer in the amount of \$50,000 from the township’s Host Community Fees Fund. Due to the COVID-19 pandemic, the Pool was closed for the 2020 season in compliance with CDC guidelines generating zero revenue.



Charges for services represent 100% of program revenues for the Pinewood Pool. While annual increases in operating costs continue to outpace revenues, with more aggressive marketing, a “refer a friend” rebate offer, and added programming at the pool, we are working to close the gap between revenues and expenses through increased memberships and guest attendance as we re-open and move past the restrictions of the past year. 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 \$55,148,866 an increase of \$1,207,220 compared to the previous year. Of the combined fund balance total: \$41,088,618 constitutes *unassigned fund balance*, which is available to meet the Township's current and future needs at the Township's discretion; an additional \$11,170,508 is assigned for specific purposes; \$2,283,848 is restricted for particular purposes; and, the remaining \$605,892 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 \$41,088,618 while total fund balance reached \$50,589,427. 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 \$27,181,664. The total fund balance of Falls Township's general fund increased \$970,358 during 2020. This is the result of continued income from Waste Management for tipping fees at the new Fairless Landfill. Host Community Fees topped \$21 million in 2020. The host community fees received from Waste Management allow Falls Township to provide high quality services to our residents without raising real estate taxes.

Capital Reserve

The Capital Reserve fund serves to finance various Township purchases and projects. At the end of 2020, the assigned and total fund balance was \$2,258,913. This is an increase in the amount of \$82,704. With no dedicated revenue stream in this fund, annual expenditures are closely monitored so they do not deplete the remaining fund balance.

Proprietary Funds

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

Pinewood Pool

The Pinewood Pool fund accounts for the operations of a recreational community pool. At the end of 2020, the net position was (\$7,604). This represents a decrease of \$47,377 over the prior year. The community pool saw no revenue in 2020 due to its season-long closure because of the COVID-19 pandemic. The operating loss was partially offset by an interfund transfer of \$50,000 in 2020. 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 came in under budget by \$876,946 for 2020. The largest contributing factor was the decrease in anticipated revenue received from Waste Management for Host Community Fees in the amount of \$1,701,287. The closure of businesses during the COVID-19 pandemic greatly impacted the tonnages of refuse collected and processed by Waste Management. Reduced tonnages translates to reduced tipping fees to Falls Township. Total expenditures for the year were under budget by a total of \$3,631,091. The greatest savings occurred in expenditures for Capital Outlays with Public Works – Highway and Streets under budget by \$3,530,387. Many of the budgeted projects not completed in 2020 have been carried forward to the 2021 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, 2020, amount to \$87,689,013 (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 2020 included the following:

The purchase of a 2019 Caterpillar model 930M Loader and a CrackPro TR260D crack filler with upgraded hose at a combined cost of \$223,541 for the Public Works Department.

Road improvements for various roads in the Township amounting to \$3,066,809 in construction and engineering costs. And traffic signal projects were completed for intersection improvements at a cost of \$75,293.

Park improvements and the replacement of play equipment at Kirby Park and Mill Creek Manor Park totaling \$166,271. The expansion of a walking path at the Community Park at a cost of \$13,481. And milling and overlay of the parking lot at Von Hoffman Park at a cost of \$19,544.

Capital purchases for the Police Department, including four new vehicles and 11 body armor vests, totaling \$229,719.

FALLS TOWNSHIP
Capital Assets
(net of accumulated depreciation)

	<u>Governmental</u>		<u>Business-type</u>	
	<u>Activities</u>		<u>Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 16,460,926	\$ 16,460,926	\$ 162,700	\$ 162,700
Construction in Progress	746,526	746,526	-	-
Building and System	1,719,638	1,944,862	-	-
Improvements other than Building	1,200,185	1,400,466	-	-
Machinery and Equipment	1,270,675	1,372,277	-	-
Infrastructure	66,128,363	65,938,917	-	-
	<u>\$ 87,526,313</u>	<u>\$ 87,863,974</u>	<u>\$ 162,700</u>	<u>\$ 162,700</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. That spike continued through 2018 and 2019 with this year's operations on track to bring in over \$23 million when the economy was upended by the coronavirus outbreak. Though revenues from this source are recovering, Waste Management has projected that tonnages will remain slightly lower than recent years estimating Falls Township revenues of approximately \$20 million in 2021 and 2022.

2) The Pinewood Pool is expected to continue operations while trying to contain costs and exceed projected revenues. The Township pool was closed for the 2020 season per CDC guidelines. The Township will continue in-house management of the pool for 2021 in an effort to control costs. Pool membership registrations and program income are expected to increase in 2021. These increases are expected as a result of the Township's "refer a friend" rebate offer as well as added programming at the pool. Increased revenues and a cash transfer from the Host Community Fees fund to the Pinewood Pool fund will offset the Pool's 2020 operating loss.

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

All these factors were considered in preparing the Falls Township budget for 2021.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF FALLS
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 34,868,761	\$	\$ 34,868,761
Investments	20,310,105		20,310,105
Taxes receivable	76,872		76,872
Accounts receivable (net of allowance for uncollectibles)	2,505,343		2,505,343
Prepaid assets	605,892		605,892
Total Current Assets	58,366,973		58,366,973
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Land	16,460,926	162,700	16,623,626
Construction in progress	746,526		746,526
Buildings and systems	1,719,638		1,719,638
Infrastructure	66,128,363		66,128,363
Improvements other than buildings	1,200,185		1,200,185
Machinery, equipment, and vehicles	1,270,675		1,270,675
Total Capital Assets	87,526,313	162,700	87,689,013
TOTAL ASSETS	145,893,286	162,700	146,055,986
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to police pension	964,417		964,417
Deferred amounts related to nonuniform pension	153,104		153,104
Deferred amounts related to other post-employment benefits	548,090		548,090
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,665,611		1,665,611
LIABILITIES			
Current Liabilities:			
Accounts payable	1,042,175	11	1,042,186
Accrued salaries and benefits	338,088	1,282	339,370
Unearned revenue	184,961		184,961
Deposits	831,667		831,667
Internal balances	(169,011)	169,011	-
Portion due or payable within one year			
Compensated absences	864,108		864,108
Total Current Liabilities	3,091,988	170,304	3,262,292
Long-term Liabilities:			
Portion due or payable after one year			
Compensated absences	1,296,328		1,296,328
Net police pension liability	16,400,559		16,400,559
Net nonuniform pension liability	168,654		168,654
Other post-employment benefits	8,928,165		8,928,165
Total Long-term Liabilities	26,793,706		26,793,706
TOTAL LIABILITIES	29,885,694	170,304	30,055,998
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to police pension	923,150		923,150
Deferred amounts related to other post-employment benefits	7,680		7,680
TOTAL DEFERRED INFLOWS OF RESOURCES	930,830		930,830
NET POSITION			
Investment in capital assets	87,526,313	162,700	87,689,013
Restricted for:			
Recycling expenditures	455,466		455,466
Parks and recreation	210,347		210,347
Rescue squad	22,727		22,727
Crime prevention	184,454		184,454
Fire hydrant	106,002		106,002
Fire protection	5,860		5,860
Library	1,146		1,146
Highway aid	1,044,975		1,044,975
Street lighting	252,871		252,871
Unrestricted	26,932,212	(170,304)	26,761,908
TOTAL NET POSITION	\$ 116,742,373	\$ (7,604)	\$ 116,734,769

TOWNSHIP OF FALLS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-Type		Total
					Governmental Activities	Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 3,912,871	\$ 993,247	\$ 889,388	\$ (2,030,236)	\$	\$	(2,030,236)
Public safety	18,449,272	1,861,102	227,528	(16,360,642)			(16,360,642)
Public works - highways and streets	6,311,940	46,195	943,567	(5,322,178)			(5,322,178)
Culture and recreation	1,431,403	47,425		(1,383,978)			(1,383,978)
TOTAL GOVERNMENTAL ACTIVITIES	30,105,486	2,947,969	2,060,483	(25,097,034)			(25,097,034)
BUSINESS-TYPE ACTIVITIES							
Pinewood Pool	97,377	-			(97,377)		(97,377)
TOTAL BUSINESS-TYPE ACTIVITIES	97,377	-			(97,377)		(97,377)
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	\$ 30,202,863	\$ 2,947,969	\$ 2,060,483	(25,097,034)	(97,377)		(25,194,411)
GENERAL REVENUES							
Property taxes, levied for general purposes				2,386,023			2,386,023
Real estate transfer taxes				974,598			974,598
Local services taxes				634,178			634,178
Mechanical device tax				39,044			39,044
Other taxes				13,975			13,975
Contributions not restricted to specific programs				21,630,113			21,630,113
Interest earnings				562,396			562,396
Miscellaneous revenues				281,410			281,410
TRANSFERS				(50,000)	50,000		-
TOTAL GENERAL REVENUES AND TRANSFERS				26,471,737	50,000		26,521,737
CHANGE IN NET POSITION				1,374,703	(47,377)		1,327,326
NET POSITION AT BEGINNING OF YEAR				115,367,670	39,773		115,407,443
NET POSITION AT END OF YEAR				\$ 116,742,373	\$ (7,604)		\$ 116,734,769

TOWNSHIP OF FALLS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 28,817,041	\$ 3,696,398	\$ 2,355,322	\$ 34,868,761
Investments	20,310,105			20,310,105
Accounts receivable (net of allowance for uncollectibles)	2,505,342	1		2,505,343
Taxes receivable	28,029		48,843	76,872
Interfund receivable	763,694		214	763,908
Prepaid items	589,214		16,678	605,892
TOTAL ASSETS	\$ 53,013,425	\$ 3,696,399	\$ 2,421,057	\$ 59,130,881
LIABILITIES				
Accounts payable	\$ 1,000,447	\$ 2,947	\$ 38,781	\$ 1,042,175
Deposits	6,657	824,760	250	831,667
Interfund payable	89	593,939	869	594,897
Salaries and benefits payable	1,169,978		32,218	1,202,196
Unearned revenue	211,239	15,840		227,079
TOTAL LIABILITIES	2,388,410	1,437,486	72,118	3,898,014
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - real estate taxes	27,783		48,413	76,196
Unavailable revenue - other	7,805			7,805
TOTAL DEFERRED INFLOWS OF RESOURCES	35,588		48,413	84,001
FUND BALANCES				
Nonspendable:			16,678	605,892
Prepaid items	589,214			
Restricted for:				
Recycling expenditures			455,466	455,466
Parks and recreation			210,347	210,347
Rescue squad			22,727	22,727
Crime prevention			184,454	184,454
Fire hydrant			106,002	106,002
Fire protection			5,860	5,860
Library			1,146	1,146
Highway aid			1,044,975	1,044,975
Street lighting			252,871	252,871
Assigned to:				
Capital projects	8,911,595	2,258,913		11,170,508
Unassigned	41,088,618			41,088,618
TOTAL FUND BALANCES	50,589,427	2,258,913	2,300,526	55,148,866
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 53,013,425	\$ 3,696,399	\$ 2,421,057	\$ 59,130,881

TOWNSHIP OF FALLS

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

DECEMBER 31, 2020

TOTAL GOVERNMENTAL FUND BALANCES	\$ 55,148,866
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 \$168,453,900 and the accumulated depreciation is \$80,927,587	87,526,313
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	126,119
Deferred outflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds	1,665,611
Deferred inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds	(930,830)
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	(8,928,165)
Net pension liability-police	(16,400,559)
Net pension liability-nonuniform	(168,654)
Compensated absences	<u>(1,296,328)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 116,742,373</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 869,120		\$ 1,516,833	\$ 2,385,953
Real estate transfer	974,598			974,598
Local services	637,348			637,348
Mechanical device	39,044		943,566	943,566
Motor fuel tax				21,630,113
Host community fees	21,630,113			803,658
Licenses and permits	803,658			139,184
Fines and forfeits	139,184			562,396
Interest earnings	545,896	9,160	7,340	72,712
Rents	65,827		6,885	1,137,250
Intergovernmental	903,364	11,350	47,425	1,943,561
Charges for services	1,896,136		4,991	247,389
Contributions and donations				
Refunds of prior years	247,389			
TOTAL REVENUES	28,751,677	20,510	2,749,576	31,521,763
EXPENDITURES				
Current				
General government	3,701,509	37,806		3,739,315
Public safety	17,438,740		1,165,357	18,604,097
Public works - highways and streets	2,134,909		959,664	3,094,573
Culture and recreation	252,252		696,856	949,108
Capital outlay				
General government	63,137			63,137
Public safety	229,719		223,541	229,719
Public works - highways and streets	3,142,102			3,365,643
Culture and recreation	199,296			199,296
TOTAL EXPENDITURES	27,181,664	37,806	3,045,418	30,264,888
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,570,013	(17,296)	(295,842)	1,256,875
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	345			345
Transfers in	(600,000)	100,000	450,000	550,000
Transfers out	(599,655)	100,000	450,000	(600,000)
TOTAL OTHER FINANCING SOURCES (USES)	970,358	82,704	154,158	(49,655)
NET CHANGE IN FUND BALANCES	49,619,069	2,176,209	2,146,368	53,941,646
FUND BALANCES, BEGINNING OF YEAR	\$ 50,589,427	\$ 2,258,913	\$ 2,300,526	\$ 55,148,866
FUND BALANCES, END OF YEAR				

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,207,220
 Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:	
Capital outlay	3,798,869
Depreciation expense	(4,136,530)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	8,426
 Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.	
	(13,991)
 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.	
	532,582
 On the Statement of Activities the actual and projected long term expenditures for post-employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.	
	<u>(21,873)</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 1,374,703</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$ 878,963	\$ 878,963	\$ 869,120	\$ (9,843)
Real estate transfer	800,000	800,000	974,598	174,598
Local services	660,000	660,000	637,348	(22,652)
Mechanical device	35,000	35,000	39,044	4,044
Host community fees	23,331,400	23,331,400	21,630,113	(1,701,287)
Licenses and permits	831,500	831,500	803,658	(27,842)
Fines and forfeits	186,000	186,000	139,184	(46,816)
Interest earnings	257,000	257,000	545,896	288,896
Rents	64,680	64,680	65,827	1,147
Intergovernmental	918,050	918,050	903,364	(14,686)
Charges for services	1,651,030	1,651,030	1,896,136	245,106
Contributions and donations	-	-	-	-
Refunds of prior years	15,000	15,000	247,389	232,389
TOTAL REVENUES	29,628,623	29,628,623	28,751,677	(876,946)
EXPENDITURES				
Current				
General government				
Supervisors	38,379	38,379	72,115	(33,736)
Manager	475,637	475,637	457,460	18,177
Finance and administration	673,563	673,563	658,588	14,975
Attorney	496,000	496,000	949,329	(453,329)
Other	1,121,412	1,121,412	1,564,017	(442,605)
Total general government	<u>2,804,991</u>	<u>2,804,991</u>	<u>3,701,509</u>	<u>(896,518)</u>
Public safety				
Police	15,382,478	15,382,478	15,499,054	(116,576)
Fire	706,288	706,288	685,826	20,462
Code Enforcement	1,305,562	1,305,562	1,273,860	31,702
Total public safety	<u>17,394,328</u>	<u>17,394,328</u>	<u>17,458,740</u>	<u>(64,412)</u>
Public works				
Highways and streets	1,994,258	1,994,258	2,134,909	(140,651)
Total public works	<u>1,994,258</u>	<u>1,994,258</u>	<u>2,134,909</u>	<u>(140,651)</u>
Total culture and recreation	<u>16,000</u>	<u>16,000</u>	<u>252,252</u>	<u>(236,252)</u>
Capital outlay				
General government	869,944	869,944	63,137	806,807
Public safety	470,579	470,579	229,719	240,860
Public works - highway and streets	6,672,489	6,672,489	3,142,102	3,530,387
Culture and recreation	590,166	590,166	199,296	390,870
Total capital outlay	<u>8,603,178</u>	<u>8,603,178</u>	<u>3,634,254</u>	<u>4,968,924</u>
TOTAL EXPENDITURES	30,812,755	30,812,755	27,181,664	3,631,091
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,184,132)	(1,184,132)	1,570,013	2,754,145
OTHER FINANCING SOURCES (USES)				
Transfers out	(600,000)	(600,000)	-	600,000
Sale of assets	500	500	-	(500)
TOTAL OTHER FINANCING SOURCES (USES)	(599,500)	(599,500)	-	599,500
NET CHANGE IN FUND BALANCE	(1,783,632)	(1,783,632)	1,570,013	3,353,645
FUND BALANCE, BEGINNING OF YEAR	48,467,184	48,467,184	-	(48,467,184)
FUND BALANCE, END OF YEAR	\$ 46,683,552	\$ 46,683,552	\$ 1,570,013	\$ (45,113,539)

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
ASSETS		
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	\$ 162,700	\$ 162,700
TOTAL CAPITAL ASSETS	162,700	162,700
TOTAL ASSETS	162,700	162,700
 LIABILITIES		
Current liabilities		
Interfund payable	169,011	121,750
Accounts payable	11	483
Salaries and benefits payable	1,282	694
TOTAL CURRENT LIABILITIES	170,304	122,927
 NET POSITION		
Investment in capital assets	162,700	162,700
Unrestricted	(170,304)	(122,927)
TOTAL NET POSITION	\$ (7,604)	\$ 39,773

TOWNSHIP OF FALLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
	OPERATING REVENUES	
Charges for sales and services		
Pool memberships	\$ -	\$ 194,212
Concession income	-	4,502
	-	198,714
TOTAL OPERATING REVENUES	-	198,714
OPERATING EXPENSES		
Costs of sales and services	53,351	162,538
Administration	44,026	43,697
Depreciation on capital assets	-	1,973
	97,377	208,208
TOTAL OPERATING EXPENSES	97,377	208,208
OPERATING INCOME (LOSS)	(97,377)	(9,494)
NONOPERATING REVENUES		
Interest income	-	-
	-	-
TOTAL NONOPERATING REVENUE	-	-
CHANGE IN NET POSITION BEFORE TRANSFERS	(97,377)	(9,494)
TRANSFERS	50,000	50,000
	(47,377)	40,506
CHANGE IN NET POSITION	(47,377)	40,506
NET POSITION, BEGINNING OF YEAR	39,773	(733)
NET POSITION, END OF YEAR	\$ (7,604)	\$ 39,773

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds	
	Pinewood Pool Current Year	Pinewood Pool Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ -	\$ 198,714
Payments to suppliers	(33,818)	(66,774)
Payments to employees	(63,443)	(138,867)
NET CASH USED IN OPERATING ACTIVITIES	(97,261)	(6,927)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	97,261	6,927
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	97,261	6,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings on investments	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (97,377)	\$ (9,494)
Adjustments to reconcile operating loss to net cash provided (used) by operating expenses		
Depreciation expense	-	1,973
Increase (decrease) in accounts payable	(472)	483
Increase (decrease) in salaries and benefits payable	588	111
TOTAL ADJUSTMENTS	116	2,567
NET CASH USED IN OPERATING ACTIVITIES	\$ (97,261)	\$ (6,927)

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2020

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 13,722,144	\$ 7,031,659
Receivables	212,804	
Accounts receivable		1,704
Investment, at fair value		
Common stock, mutual funds	23,827,424	
TOTAL ASSETS	37,762,372	\$ 7,033,363
LIABILITIES		
Payables	10,900	
NET POSITION		
Net position restricted for pensions	37,751,472	
Net position restricted for custodial purposes		7,033,363
TOTAL NET POSITION	37,751,472	7,033,363

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 2,306,426	\$
Plan member	365,197	
Commonwealth	669,641	
Developers		4,214,153
Total Contributions	3,341,264	4,214,153
Investment Income		
Dividend income	450,416	
Net appreciation (depreciation) in fair value of investments	2,609,147	
Total investment income	3,059,563	-
Less: investment expenses	71,940	
Net investment income	2,987,623	-
TOTAL ADDITIONS	6,328,887	4,214,153
DEDUCTIONS		
Benefits	2,936,877	
Administrative expenses	12,304	
		614,388
Total deductions	2,949,181	614,388
Change in Net Position	3,379,706	3,599,765
NET POSITION, BEGINNING OF YEAR - restated	34,371,766	3,433,598
NET POSITION, END OF YEAR	\$ 37,751,472	\$ 7,033,363

See accompanying notes to the basic financial statements

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 financial 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 custodial 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 a custodial fund 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 \$10,000. 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. Effective January 1, 2018, the Township adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. GASB Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information ("RSI") about their OPEB liabilities.

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.

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

9. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

10. Net Position

Net position is considered restricted if the use is constrained to a particular purpose. The government-wide statement of net position reports \$2,283,848 of restricted net position, \$22,727 is restricted by enabling legislation.

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, 2020, expenditures exceeded appropriations in the following funds. These over-expenditures were funded by interfund transfers and available fund balances.

Fund	Excess
Fire Protection Fund	\$ 8,152

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 \$13,413,994 were collateralized by this pool of assets maintained by the Township's depository institutions.

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, 2020, \$13,413,994 of the Township's bank balance of \$14,163,994 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$13,413,994
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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, 2020, 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	\$ 10,752,650	\$ 10,752,650	\$	\$
PA Treasury Invest Community Pool	38,851	38,851		
First National Bank Money Market	3,175,791	3,175,791		
SEI Government Fund	4,030	4,030		
Federal Home Loan Mortgage Corp	6,759,135	6,759,135		
Federal Home Loan Bank	801,248	801,248		
Federal National Mortgage Association	6,190,043	6,190,043		
Federal Farm Credit Banks	1,002,850	1,002,850		
Certificates of Deposit	1,485,169	1,485,169		
United States Treasury Notes	4,071,661	4,071,661		
	\$ 34,281,428	\$ 34,281,428	\$ -	\$ -

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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	\$ 23,827,424	\$ 23,827,424		
PA Local Government Investment Trust	13,722,144	13,722,144		
	<u>\$ 37,549,568</u>	<u>\$ 37,549,568</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020, the Township’s investments were rated as:

Investment	Standard & Poor's
PA Local Government Investment Trust	AAA/AA+/A-1+
PA Treasury Invest Community Pool	AAA
Federal Home Loan Mortgage Corp	AA+
Federal Home Loan Bank	AA+
Federal National Mortgage Association	AA+
Federal Farm Credit Banks	AA+
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:

Investment	Fair Value	Percent of total Government Wide Investments
Federal Home Loan Mortgage Corp	\$ 6,759,135	20%
Federal National Mortgage Association	6,190,043	18%
United States Treasury Notes	4,071,661	12%

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

A. Deposits and Investments, continued

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, 2020, the Township's investments had the following weighted average maturities:

Investment	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Mortgage Corp	\$ 6,759,135	1.98
Federal Home Loan Bank	801,248	0.08
Federal National Mortgage Association	6,190,043	1.83
Federal Farm Credit Banks	1,002,850	0.26
United States Treasury Notes	4,071,661	0.27
Bond Mutual Funds	1,326,872	1 - 5
Bond Mutual Funds	7,286,832	6 - 10

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:

	General	Capital Reserve	Nonmajor Funds	Fiduciary Funds	Total
Receivables:					
Taxes	\$ 28,029	\$ -	\$ 48,843	\$ -	\$ 76,872
Accounts/other	2,723,837	1	-	214,508	2,938,346
Gross receivables	2,751,866	1	48,843	214,508	3,015,218
Less: allowance for uncollectibles	(218,495)	-	-	-	(218,495)
Total net receivables	<u>\$ 2,533,371</u>	<u>\$ 1</u>	<u>\$ 48,843</u>	<u>\$ 214,508</u>	<u>\$ 2,796,723</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

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	\$ 27,783	\$
Delinquent property taxes receivable - special revenue funds	48,413	
Accounts receivable, not available	7,805	
Accounts receivable, unearned		227,079
Total Governmental unearned/unavailable revenue	\$ 84,001	\$ 227,079

D. Capital Assets

Capital asset activity for the year ended December 31, 2020 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	746,526			746,526
Total capital assets not being depreciated	17,207,452	-	-	17,207,452
Capital Assets being depreciated				
Buildings	6,005,505			6,005,505
Improvements other than buildings	16,219,671	199,296		16,418,967
Machinery, equipment, and vehicles	9,287,876	516,397	253,113	9,551,160
Infrastructure	116,128,714	3,142,102		119,270,816
Total capital assets being depreciated	147,641,766	3,857,795	253,113	151,246,448
Less accumulated depreciation for:				
Buildings	4,060,643	225,224		4,285,867
Improvements other than buildings	14,819,205	399,577		15,218,782
Machinery, equipment, and vehicles	7,915,599	559,073	194,187	8,280,485
Infrastructure	50,189,797	2,952,656		53,142,453
Total accumulated depreciation	76,985,244	4,136,530	194,187	80,927,587
Total capital assets being depreciated, net	70,656,522	(278,735)	58,926	70,318,861
Governmental activities capital assets, net	\$ 87,863,974	\$ (278,735)	\$ 58,926	\$ 87,526,313

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

D. Capital Assets, continued

	Beginning Balance	Increases	Decreases	Ending Balance
<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	19,730			19,730
Business-type activities capital assets, net	\$ 162,700	\$ -	\$ -	\$ 162,700

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

Governmental Activities:

General government	\$ 176,826
Public safety	290,110
Public works	3,190,861
Culture and recreation	478,733
Total depreciation expense - governmental activities	\$ 4,136,530

Depreciation expense for business-type activities was \$0.

E. Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at December 31, 2020:

	Receivable	Payable
General Fund	\$ 763,694	\$ 89
Capital Reserve	-	593,939
Pool Fund	-	169,011
Nonmajor Funds	214	869
	\$ 763,908	\$ 763,908

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 the Township.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS, continued

E. Interfund Receivables, Payables, and Transfers, continued

Interfund transfers for the year ended December 31, 2020, consisted of the following:

	Transfers to Other Funds	Transfers from Other Funds
General Fund	\$ 600,000	\$ -
Capital Reserve		100,000
Pool Fund		50,000
Nonmajor Funds	-	450,000
	\$ 600,000	\$ 600,000

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

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental Activities					
Compensated Absences	\$ 1,963,835	\$ 480,628	\$ 284,027	\$ 2,160,436	\$ 864,108
Total Governmental Activities	\$ 1,963,835	\$ 480,628	\$ 284,027	\$ 2,160,436	\$ 864,108

The General Fund has been used to liquidate the liability for the compensated absences 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, 2020.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

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, 2020, and the current amount outstanding is \$26,189,627 principal and interest. The Township of Falls Authority agrees in the Guarantee Agreement to reimburse the Township for any payments made.

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, 2020, and the current amount outstanding is \$1,843,934 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 defined benefit plan, as per the requirements of collective bargaining agreements, for certain retired police officers, public works employees, and AFSCME union members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Township calculates its actuarial valuation in accordance with GASB Statement 75, as required. Separate financial statements are not issued for the plan.

Benefits Provided

The Township pays: \$3,600 to \$19,200 per year for the premiums of healthcare coverage for police officers who retire with 25 years of full-time service or become disabled (for all officers retiring after 3/13/2019, the post-retirement healthcare stipend shall be payable to age 65 and cease thereafter); \$3,600 to \$4,500 per years for AFSCME members retiring with 20 years of service (these payments will continue until Medicare age is obtained); and, \$4,800 to \$15,000 per year for Public Works employees retiring with 20 years of service (these payments will continue until Medicare age is obtained).

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

Employees Covered by the Plan

The following eligible Police and Non-Uniformed employees and retirees were covered by the plan:

Fully Eligible Active Plan Members	10
Other Active Employees not Fully Eligible	77
Retirees and Beneficiaries Currently Receiving Benefits	40
Total	<u>127</u>

Contributions

The Township is not currently making contributions to a qualified Trust.

Method Used to Value Investments

The Township does not have a GASB qualified Trust, and therefore, there are no investments.

Long-Term Expected Rate of Return

Since there are no invested assets, there is no long-term expected rate of return.

Actuarial Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability as of December 31, 2020 was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the municipality's fiscal year ending December 31, 2020. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below

Actuarial assumptions:

Valuation Method	Entry age normal
Discount rate	3.25%
Salary increases	5.00%
Investment rate of return	n/a
Mortality rates	Blue Collar RP-2000 Mortality Table
Healthcare cost trends	Medical and prescription drug costs are assumed to increase by 5.75% in 2020, decreasing by .25% per year thereafter to an ultimate level of 5% per year

Discount Rate

The discount rate used to measure the total OPEB liability was 3.25%, and is based on the S&P 20 year AA municipal bond rate.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

Net OPEB Liability Sensitivity – Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 3.25% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.25%) or 1 percentage point higher (4.25%) than the current rate.

	1% Decrease 2.25%	Current Discount Rate 3.25%	1% Increase 4.25%
Net OPEB Liability	\$ 9,750,802	\$ 8,928,165	\$ 8,210,270

Net OPEB Liability Sensitivity – Healthcare Trend

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the current trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher or 1 percent higher than expected.

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	\$ 8,756,436	\$ 8,928,165	\$ 9,124,928

Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/19	\$ 9,025,567	\$ -	\$ 9,025,567
Changes for the year:			
Service Cost	132,144	-	132,144
Interest	289,196	-	289,196
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	518,742	(518,742)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(518,742)	(518,742)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(97,402)	-	(97,402)
Balances at 12/31/20	\$ 8,928,165	\$ -	\$ 8,928,165

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

D. Other Post-employment Benefits, continued

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2020, the Township recognized OPEB expense of \$21,873.

At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 74,432	\$ (7,680)
Changes in assumptions	473,658	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		
Total	\$ 548,090	\$ (7,680)

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

Year ended December 31,

2021	\$ 119,275
2022	119,275
2023	119,458
2024	119,830
2025	63,368
Thereafter	(796)

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.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan

Plan Description

The Falls Township Police Pension Plan is a single-employer defined benefit plan covering all full-time police officers. The Plan was established effective January 1, 1969, is controlled by the provisions of Ordinance 05-5, and the Collective Bargaining Agreement adopted pursuant to Act 600. 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. No early retirement.
 - 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. The COLA is based on the Philadelphia area CPI with an annual cap of 8%, up to 130% of the original amount of the member’s pension, or the original maximum amount allowable under Act 600, whichever is higher.
- *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 66 months.
- *Member Contributions:* 5% contribution rate and 5% interest rate credited to member contributions.

Plan Membership

Membership of the plan consisted of the following at December 31, 2020:

Active Plan Members	45
Inactive Plan Members Currently Receiving Benefits	65
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Total	<u>111</u>

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania 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 their 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 2020. 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 \$669,641 and Township contribution of \$2,166,252, into the plan for 2020.

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 allowable pension plan expenditures in accordance with act 205 and may be funded with Plan assets.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2020 was determined as part of an actuarial valuations at January 1, 2019. Update procedures were used to roll forward January 1, 2019 liabilities to the plan's fiscal plan year ending December 31, 2020. The actuarial assumptions used in the January 1, 2019 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.

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	\$ 21,996,522	\$ 16,400,559	\$ 11,656,701

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

Police Pension Plan, continued

Long Term Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investments was determined using an building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.17%) are 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, 2020 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	19.0%	7.70%
Domestic Mid/Small Cap Stocks	4.0%	8.10%
World Equity ex-US	22.0%	94.00%
Emerging Markets Equity	3.0%	10.90%
U.S. High Yield	4.0%	11.10%
Emerging Markets Debt	4.0%	7.50%
Dynamic Asset Allocation	8.0%	8.20%
Diversified ST Fixed Income	7.0%	3.20%
Core Fixed Income	29.0%	4.30%
Total Net Blended Return		5.50%
* Excludes 2.5% inflation assumption		
Long Term Expected Rate of Return (Including Inflation)		8.00%

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. The COMPREHENSIVE ANNUAL FINANCIAL REPORT is available on the publications page of the PMRS website at www.pmrns.state.pa.us, or a copy can be obtained by contacting the PMRS accounting office at 717-787-2065. The most recent COMPREHENSIVE ANNUAL FINANCIAL REPORT available is for the year ending December 31, 2018. The report from PMRS was not received to rollforward the values at December 31, 2018 to December 31, 2019, therefore, all amounts reported for PMRS pension have not been updated.

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, 2019:

Active Plan Members	16
Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>1</u>
Total	<u><u>19</u></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 \$51,700 to the Plan for the year 2020.

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, 2019 was determined as part of an actuarial valuation at January 1, 2019. The measurement date for the net pension liability is December 31, 2018, which is no earlier than the end of the prior fiscal year. The actuarial assumptions used in the January 1, 2019 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	\$ 635,932	\$ 168,654	\$ (296,024)

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, 2019 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%	4.60%
Domestic Equities Mid/Small Cap	15.0%	7.30%
International Equities Developed Markets	15.0%	3.50%
International Equities Emerging Markets	10.0%	8.30%
Real Estate	20.0%	5.40%
Fixed Income	15.0%	1.10%
Total Net Blended Return		4.80%
Long Term Expected Rate of Return		7.00%

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 12/31/19	\$ 49,192,929	\$ 31,734,338	\$ 17,458,591
Changes for the year:			
Service Cost	855,154	-	855,154
Interest	3,890,135	-	3,890,135
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,166,252	(2,166,252)
Contributions - State Aid	-	669,641	(669,641)
Contributions - Member	-	365,197	(365,197)
Net Investment Income	-	2,613,131	(2,613,131)
Benefit Payments	(2,842,803)	(2,842,803)	-
Administrative Expense	-	(10,900)	10,900
Other Changes	-	-	-
Net Changes	1,902,486	2,960,518	(1,058,032)
Balances at 12/31/20	\$ 51,095,415	\$ 34,694,856	\$ 16,400,559

Pension plan fiduciary net position as a percentage of total pension liability is 67.9%.

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 12/31/18	\$ 2,217,724	2,348,236	\$ (130,512)
Changes for the year:			
Service Cost	161,037	-	161,037
Interest	113,687	-	113,687
Changes in Benefit Terms	23,985	-	23,985
Differences Between Expected and Actual Experience	395	-	395
Changes of Assumptions	-	-	-
Contributions - Employer	-	71,804	(71,804)
Contributions - PMRS assessment	-	20	(20)
Contributions - Member	-	89,233	(89,233)
Net Investment Income	-	(155,646)	155,646
Benefit Payments	(23,087)	(23,087)	-
Administrative Expense	-	(360)	360
Other Changes	-	(5,113)	5,113
Net Changes	<u>276,017</u>	<u>(23,149)</u>	<u>299,166</u>
Balances at 12/31/19	<u>\$ 2,493,741</u>	<u>\$ 2,325,087</u>	<u>\$ 168,654</u>

Pension plan fiduciary net position as a percentage of total pension liability is 93.2%.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2019, the Township recognized total pension expense of \$2,303,311 for the Police Pension Plan. At December 31, 2020, 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	\$ -	\$ (923,150)
Changes in assumptions	241,445	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>722,972</u>	<u>-</u>
Total	<u>\$ 964,417</u>	<u>\$ (923,150)</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

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,

2021	\$	158,391
2022		263,576
2023		(357,258)
2024		(23,442)
2025		-
Thereafter		-

For the year ended December 31, 2019, the Township recognized total pension expense of \$51,700 for the Non-Uniform Defined Benefit Pension Plan. At December 31, 2019, 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	\$ 586	\$
Contributions subsequent to the measurement date	67,984	
Changes in assumptions	1,522	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	223,120	(140,108)
Total	\$ 293,212	\$ (140,108)

\$67,984 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, 2020. 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,

2020	\$	21,072
2021		1,160
2022		7,649
2023		54,354
2024		295
Thereafter		590

Total pension expense for 2020 is \$2,355,011 for both plans.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. 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 \$140,174 for the year ending December 31, 2020.

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

E. Pension Plans, continued

COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL PENSION TRUST FUNDS
DECEMBER 31, 2020

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and Cash Equivalents	\$	\$ 13,722,144	\$ 13,722,144
Receivables		212,804	212,804
Investment, at fair value			
Common stock, mutual funds	3,056,616	20,770,808	23,827,424
TOTAL ASSETS	3,056,616	34,705,756	37,762,372
LIABILITIES			
Payables		10,900	10,900
TOTAL LIABILITIES	-	10,900	10,900
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 3,056,616	\$ 34,694,856	\$ 37,751,472

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

ADDITIONS			
Contributions			
Employer	\$ 140,174	\$ 2,166,252	\$ 2,306,426
Plan Member		365,197	365,197
Commonwealth		669,641	669,641
Total Contributions	140,174	3,201,090	3,341,264
Investment Income			
Dividend income		450,416	450,416
Net appreciation (depreciation) in fair value of investments	374,492	2,234,655	2,609,147
Total investment income	374,492	2,685,071	3,059,563
Less: investment expenses		71,940	71,940
Net investment income (loss)	374,492	2,613,131	2,987,623
TOTAL ADDITIONS	514,666	5,814,221	6,328,887
DEDUCTIONS			
Benefits	94,074	2,842,803	2,936,877
Administrative expenses	1,404	10,900	12,304
Total deductions	95,478	2,853,703	2,949,181
Change in Net Position	419,188	2,960,518	3,379,706
NET POSITION RESTRICTED FOR PENSION BENEFITS, BEGINNING	2,637,428	31,734,338	34,371,766
NET POSITION RESTRICTED FOR PENSION BENEFITS, ENDING	\$ 3,056,616	\$ 34,694,856	\$ 37,751,472

TOWNSHIP OF FALLS

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER INFORMATION, continued

F. Restatement of Beginning Net Position

The Township implemented GASB Statement No. 84, Fiduciary Activities. For the Fiduciary Activities Custodial Fund, the Township has restated the beginning of year net position by the previously reported liability for Escrow deposits in the amount of \$3,433,598.

G. New Accounting Pronouncements

GASB Codification Section L20, Leases (GASB 87): GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right of-use (“ROU”) model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This Statement is expected to have an implementation date for fiscal year ending December 31, 2022.

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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	2018	2019	2020
Total Pension Liability							
Service Cost	\$ 662,062	\$ 756,746	\$ 794,583	\$ 736,797	\$ 773,637	\$ 814,432	\$ 855,154
Interest	2,962,558	3,249,829	3,398,444	3,539,586	3,684,929	3,743,174	3,890,135
Changes of Benefit Terms	-	1,873,097	-	(943,976)	-	(1,139,322)	-
Differences Between Expected and Actual Experience	-	-	-	926,401	-	-	-
Changes of Assumptions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)	(2,584,096)	(2,679,844)	(2,842,803)
Benefit Payments, Including Refunds of Member Contributions	1,697,024	3,804,230	1,895,032	1,850,018	1,874,470	738,440	1,902,486
Net Change in Total Pension Liability							
Total Pension Liability - Beginning	37,333,715	39,030,739	42,834,969	44,730,001	46,580,019	48,454,489	49,192,929
Total Pension Liability - Ending	\$ 39,030,739	\$ 42,834,969	\$ 44,730,001	\$ 46,580,019	\$ 48,454,489	\$ 49,192,929	\$ 51,095,415
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,222,066	\$ 1,697,576	\$ 1,957,876	\$ 1,956,735	\$ 2,167,153	\$ 2,117,244	\$ 2,166,252
Contributions - State Aid	518,939	537,154	621,200	633,179	665,183	711,750	669,641
Contributions - Member	314,428	311,101	315,499	353,703	316,462	353,460	365,197
Net Investment Income	1,188,621	(190,002)	1,246,210	2,543,064	(923,856)	2,830,365	2,613,131
Benefit Payments, Including Refunds of Member Contributions	(1,927,596)	(2,075,442)	(2,297,995)	(2,408,790)	(2,584,096)	(2,679,844)	(2,842,803)
Administrative Expense	-	(19,154)	-	(20,126)	(14,926)	(6,300)	(10,900)
Net Change in Plan Fiduciary Net Position							
Plan Fiduciary Net Position - Beginning	22,303,497	23,619,955	23,881,188	25,723,978	28,781,743	28,407,663	31,734,338
Plan Fiduciary Net Position - Ending	\$ 23,619,955	\$ 23,881,188	\$ 25,723,978	\$ 28,781,743	\$ 28,407,663	\$ 31,734,338	\$ 34,694,856
Plan's Net Pension Liability							
Plan's Net Pension Liability	\$ 15,410,784	\$ 18,953,781	\$ 19,006,023	\$ 17,798,276	\$ 20,046,826	\$ 17,458,591	\$ 16,400,559
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.5%	55.8%	57.5%	61.8%	58.6%	64.5%	67.9%
Covered Payroll							
Covered Payroll	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344	\$ 6,348,464	\$ 6,300,000	\$ 6,400,000
Plan's Net Pension Liability as a Percentage of Covered Payroll	291.6%	319.9%	315.4%	288.1%	315.8%	277.1%	256.3%

Notes to schedules:

Assumption Change - In 2017, the mortality assumption was changed from the 1992 Railroad Board Table to the Bine 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 *

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 136,121	\$ 131,154	\$ 136,023	\$ 148,369	\$ 161,037
Interest	75,226	86,385	98,040	106,054	113,687
Changes of Benefit Terms	-	-	-	-	23,985
Differences Between Expected and Actual Experience	113	132	168	-	395
Changes of Assumptions	-	471	1,770	-	-
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)	(5,191)	(23,087)
Net Change in Total Pension Liability	206,269	212,951	230,810	249,232	276,017
Total Pension Liability - Beginning	1,318,462	1,524,731	1,737,682	1,968,492	2,217,724
Total Pension Liability - Ending	\$ 1,524,731	\$ 1,737,682	\$ 1,968,492	\$ 2,217,724	\$ 2,493,741
Plan Fiduciary Net Position					
Contributions - Employer	\$ 66,091	\$ 62,740	\$ 58,953	\$ 63,012	\$ 71,804
Contributions - PMRS assessments	-	-	20	-	20
Contributions - Member	70,029	68,414	77,070	85,357	89,233
Net Investment Income	70,284	(12,456)	131,230	340,274	(155,646)
Benefit Payments, Including Refunds of Member Contributions	(5,191)	(5,191)	(5,191)	(5,191)	(23,087)
Administrative Expense	(3,256)	(3,971)	(5,180)	(5,270)	(5,473)
Net Change in Plan Fiduciary Net Position	197,957	109,536	256,902	478,182	(23,149)
Plan Net Position - Beginning	1,305,659	1,503,616	1,613,152	1,870,054	2,348,236
Plan Net Position - Ending	\$ 1,503,616	\$ 1,613,152	\$ 1,870,054	\$ 2,348,236	\$ 2,325,087
Plan's Net Pension Liability	\$ 21,115	\$ 124,530	\$ 98,438	\$ (130,512)	\$ 168,654
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	92.8%	95.0%	105.9%	93.2%
Covered Payroll					
	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054	\$ 1,260,246	\$ 1,436,085
Plan's Net Pension Liability as a Percentage of Covered Payroll	1.6%	9.9%	8.3%	-10.4%	11.7%
Notes to schedules:					
Data for 2019 is unavailable					

* 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,313,893	\$ 1,318,901	\$ 1,470,557	\$ 1,741,005	\$ 2,234,730	\$ 2,579,076	\$ 2,589,914	\$ 2,832,336	\$ 2,828,993	\$ 2,835,893
Contributions made	1,313,893	1,318,901	1,470,557	1,741,005	2,234,730	2,579,076	2,589,914	2,832,336	2,828,993	2,835,893
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,574,694	\$ 4,628,098	\$ 4,719,500	\$ 5,284,622	\$ 5,924,242	\$ 6,025,885	\$ 6,178,344	\$ 6,348,464	\$ 6,300,000	\$ 6,400,000
Contributions as a Percentage of Covered Payroll	28.7%	28.5%	31.2%	32.9%	37.7%	42.8%	41.9%	44.6%	44.9%	44.3%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated biennially as of January 1 - most recent valuation is January 1, 2019.

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 Mortality Table

TOWNSHIP OF FALLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NONUNIFORM PENSION PLAN

Last Ten Fiscal Years *

	2014	2015	2016	2017	2018	2019
Statutorily determined contribution	\$ 66,432	\$ 63,080	\$ 59,293	\$ 63,372	\$ 72,164	\$ 67,984
Contributions made	66,091	62,740	58,973	63,012	71,824	67,984
Contribution deficiency (excess)	\$ 341	\$ 340	\$ 320	\$ 360	\$ 340	\$ -
Covered Payroll	\$ 1,321,820	\$ 1,254,799	\$ 1,179,054	\$ 1,260,246	\$ 1,436,085	\$ 1,359,680
Contributions as a Percentage of Covered Payroll	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Notes to schedules:

Data for 2020 is unavailable

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	2018	2019	2020
Annual money-weighted rate of return, net of investment expenses	\$ 5.50%	\$ -0.80%	\$ 5.16%	\$ 9.89%	\$ -3.24%	\$ 9.96%	\$ 8.46%

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

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expenses	\$ 5.20%	\$ -0.27%	\$ 8.23%	\$ 17.84%	\$ 8.60%	\$ 5.60%

Data for 2020 is unavailable

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

	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 206,828	\$ 217,169	\$ 125,851	\$ 132,144
Interest	410,283	415,612	292,226	289,196
Changes of Benefit Terms	-	-	(2,905,326)	-
Differences Between Expected and Actual Experience	-	-	96,246	-
Changes of Assumptions	-	-	682,714	-
Benefit Payments	(474,056)	(496,584)	(516,459)	(518,742)
Net Change in Total OPEB Liability	<u>143,055</u>	<u>136,197</u>	<u>(2,224,748)</u>	<u>(97,402)</u>
Total OPEB Liability - Beginning	<u>10,971,063</u>	<u>11,114,118</u>	<u>11,250,315</u>	<u>9,025,567</u>
Total OPEB Liability - Ending	<u>\$ 11,114,118</u>	<u>\$ 11,250,315</u>	<u>\$ 9,025,567</u>	<u>\$ 8,928,165</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ -	\$ -	\$ -
Contributions - State Aid	-	-	-	-
Contributions - Member	-	-	-	-
Net Investment Income	-	-	-	-
Benefit Payments	-	-	-	-
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's Net OPEB Liability	<u>\$ 11,114,118</u>	<u>\$ 11,250,315</u>	<u>\$ 9,025,567</u>	<u>\$ 8,928,165</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Payroll	\$ 9,101,282	\$ 9,556,346	\$ 9,536,304	\$ 10,013,119
Plan's Net OPEB Liability as a Percentage of Covered Payroll	122.1%	117.7%	94.6%	89.2%
Notes to schedules:				
Changes in assumptions: Changes in assumptions and other inputs reflect changes in the discount rate each period.				
The following are the discount rates used in each period:	4.00%	3.75%	3.25%	3.25%

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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 .27 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 .88 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 .23 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, 2020

	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	\$ 120,875	\$ 1,063,642	\$ 252,785	\$ 5,743	\$ 1,132	\$ 455,466	\$ 248,503	\$ 22,680	\$ 184,496	\$ 2,355,322	\$ -
Receivables			9,513	13,308	2,100		15,475	5,924		48,843	214
Taxes receivable	3,123			1,898			9,495	1,368	3,794	16,678	
Interfund receivable		123									
Prepaid items											
TOTAL ASSETS	\$ 123,998	\$ 1,063,765	\$ 262,298	\$ 20,949	\$ 3,232	\$ 455,466	\$ 273,687	\$ 29,372	\$ 188,290	\$ 2,421,057	\$ -
LIABILITIES											
Accounts payable	\$ 14,905	\$ 18,667	\$ -	\$ -	\$ -	\$ -	\$ 5,167	\$ -	\$ 42	\$ 38,781	\$ 869
Interfund payable							869			250	32,218
Deposits							250				
Salaries and benefits payable							32,218				
TOTAL LIABILITIES	14,905	18,667	-	-	-	-	38,504	-	42	72,118	-
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - real estate taxes	3,091		9,427	13,191	2,086		15,341	5,277		48,413	
TOTAL DEFERRED INFLOWS OF RESOURCES	3,091	-	9,427	13,191	2,086	-	15,341	5,277	-	48,413	-
FUND BALANCES											
Nonspendable:											
Prepaid items		123		1,898			9,495	1,368	3,794	16,678	
Restricted for:											
Recycling expenditures						455,466					
Parks and recreation							210,347				
Rescue Squad								22,727			
Crime prevention									184,454		
Fire hydrant	106,002			5,860	1,146					5,860	
Fire protection										1,146	
Library		1,044,975								1,044,975	
Highway aid			252,871							252,871	
Street lighting											
Unassigned											
TOTAL FUND BALANCES	106,002	1,045,098	252,871	7,758	1,146	455,466	219,842	24,095	188,248	2,300,526	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 123,998	\$ 1,063,765	\$ 262,298	\$ 20,949	\$ 3,232	\$ 455,466	\$ 273,687	\$ 29,372	\$ 188,290	\$ 2,421,057	\$ -

TOWNSHIP OF FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	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	\$ 88,121	\$ 943,566	\$ 290,968	\$ 414,715	\$ 75,324	\$ -	\$ 482,472	\$ 165,233	\$ -	\$ -	\$ 1,516,833
Motor fuel tax		4,609	29				2,006	2	10		943,566
Interest earnings	14					670	6,885				7,340
Rents											6,885
Intergovernmental				222,536			47,425				222,536
Charges for services											47,425
Contributions and donations										4,991	4,991
TOTAL REVENUES	88,135	948,175	290,997	637,251	75,324	670	538,788	165,235	5,001		2,749,576
EXPENDITURES											
Current											
Public safety	87,389		279,000	628,352				160,212	289,404		1,165,357
Public works - highways and streets		680,664			75,000		621,856				959,664
Culture and recreation											696,856
Capital outlay		223,541									223,541
Public works - highways and streets		904,205	279,000	628,352	75,000	-	621,856	160,212	289,404		3,045,418
TOTAL EXPENDITURES	87,389	904,205	279,000	628,352	75,000	-	621,856	160,212	289,404		3,045,418
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	746	43,970	11,997	8,899	324	670	(83,068)	5,023	(284,403)		(295,842)
OTHER FINANCING SOURCES (USES):											
Transfers in							100,000		350,000		450,000
TOTAL OTHER FINANCING SOURCES (USES):	-	-	-	-	-	-	100,000	-	350,000		450,000
NET CHANGES IN FUND BALANCES	746	43,970	11,997	8,899	324	670	16,932	5,023	65,597		154,158
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	105,256	1,001,128	240,874	(1,141)	822	454,796	202,910	19,072	122,651		2,146,568
FUND BALANCES, END OF YEAR	\$ 106,002	\$ 1,045,098	\$ 252,871	\$ 7,758	\$ 1,146	\$ 455,466	\$ 219,842	\$ 24,095	\$ 188,248		\$ 2,300,526

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$ 90,408	\$ 90,408	\$ 88,121	\$ (2,287)
Interest earnings	200	200	14	(186)
TOTAL REVENUES	90,608	90,608	88,135	(2,473)
EXPENDITURES				
Current				
Public safety	87,500	87,500	87,389	111
TOTAL EXPENDITURES	87,500	87,500	87,389	111
NET CHANGE IN FUND BALANCE	3,108	3,108	746	(2,362)
FUND BALANCE, BEGINNING	104,331	104,331	-	(104,331)
FUND BALANCE, ENDING	\$ 107,439	\$ 107,439	\$ 746	\$ (106,693)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Motor fuel tax	\$ 925,822	\$ 925,822	\$ 943,566	\$ 17,744
Interest earnings	10,000	10,000	4,609	(5,391)
TOTAL REVENUES	935,822	935,822	948,175	12,353
EXPENDITURES				
Current				
Public works - highways and streets	994,310	994,310	680,664	313,646
Capital outlay				
Public works - highways and streets	242,000	242,000	904,205	(662,205)
TOTAL EXPENDITURES	1,236,310	1,236,310	1,584,869	(348,559)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(300,488)	(300,488)	(636,694)	(336,206)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
NET CHANGE IN FUND BALANCE	(300,488)	(300,488)	(636,694)	(336,206)
FUND BALANCE, BEGINNING	921,147	921,147	-	(921,147)
FUND BALANCE, ENDING	\$ 620,659	\$ 620,659	\$ (636,694)	\$ (1,257,353)

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, 2020

	<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	\$ 294,146	\$ 294,146	\$ 290,968	\$ (3,178)
Interest earnings	200	200	29	(171)
TOTAL REVENUES	<u>294,346</u>	<u>294,346</u>	<u>290,997</u>	<u>(3,349)</u>
EXPENDITURES				
Current				
Public works - highways and streets	<u>293,792</u>	<u>293,792</u>	<u>279,000</u>	<u>14,792</u>
TOTAL EXPENDITURES	<u>293,792</u>	<u>293,792</u>	<u>279,000</u>	<u>14,792</u>
NET CHANGE IN FUND BALANCE	554	554	11,997	(18,141)
FUND BALANCE, BEGINNING	<u>232,352</u>	<u>232,352</u>	-	<u>(232,352)</u>
FUND BALANCE, ENDING	<u>\$ 232,906</u>	<u>\$ 232,906</u>	<u>\$ 11,997</u>	<u>\$ (220,909)</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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$ 417,198	\$ 417,198	\$ 414,715	\$ (2,483)
Intergovernmental	210,000	210,000	222,536	12,536
Interest earnings	150	150	-	(150)
TOTAL REVENUES	<u>627,348</u>	<u>627,348</u>	<u>637,251</u>	<u>9,903</u>
EXPENDITURES				
Current				
Public Safety	<u>620,200</u>	<u>620,200</u>	<u>628,352</u>	<u>(8,152)</u>
TOTAL EXPENDITURES	<u>620,200</u>	<u>620,200</u>	<u>628,352</u>	<u>(8,152)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,148	7,148	8,899	18,055
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	7,148	7,148	8,899	18,055
FUND BALANCE (DEFICIT), BEGINNING	<u>(3,020)</u>	<u>(3,020)</u>	<u>-</u>	<u>3,020</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 4,128</u>	<u>\$ 4,128</u>	<u>\$ 8,899</u>	<u>\$ 21,075</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	<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	\$ 76,161	\$ 76,161	\$ 75,324	\$ (837)
Interest earnings	10	10	-	(10)
TOTAL REVENUES	<u>76,171</u>	<u>76,171</u>	<u>75,324</u>	<u>(847)</u>
EXPENDITURES				
Current				
Culture and recreation	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>1,171</u>	<u>1,171</u>	<u>324</u>	<u>(847)</u>
FUND BALANCE, BEGINNING	<u>532</u>	<u>532</u>	<u>-</u>	<u>(532)</u>
FUND BALANCE, ENDING	<u>\$ 1,703</u>	<u>\$ 1,703</u>	<u>\$ 324</u>	<u>\$ (1,379)</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property tax	\$ 496,417	\$ 496,417	\$ 482,472	\$ (13,945)
Rents	9,500	9,500	6,885	(2,615)
Charges for services	195,200	195,200	47,425	(147,775)
Interest earnings	5,000	5,000	2,006	(2,994)
Contributions and donations	4,000	4,000	-	(4,000)
TOTAL REVENUES	710,117	710,117	538,788	(171,329)
EXPENDITURES				
Current				
Culture and recreation	891,401	891,401	621,856	269,545
TOTAL EXPENDITURES	891,401	891,401	621,856	269,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(181,284)	(181,284)	(83,068)	98,216
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	(81,284)	(81,284)	16,932	98,216
FUND BALANCE, BEGINNING	168,440	168,440	-	(168,440)
FUND BALANCE, ENDING	\$ 87,156	\$ 87,156	\$ 16,932	\$ (70,224)

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Property tax	\$ 166,719	\$ 166,719	\$ 165,233	\$ (1,486)
Interest earnings	50	50	2	(48)
TOTAL REVENUES	<u>166,769</u>	<u>166,769</u>	<u>165,235</u>	<u>(1,534)</u>
EXPENDITURES				
Current				
Public safety	<u>161,000</u>	<u>161,000</u>	<u>160,212</u>	<u>788</u>
TOTAL EXPENDITURES	<u>161,000</u>	<u>161,000</u>	<u>160,212</u>	<u>788</u>
NET CHANGE IN FUND BALANCE	<u>5,769</u>	<u>5,769</u>	<u>5,023</u>	<u>(746)</u>
FUND BALANCE, BEGINNING	<u>19,957</u>	<u>19,957</u>	<u>-</u>	<u>(19,957)</u>
FUND BALANCE, ENDING	<u>\$ 25,726</u>	<u>\$ 25,726</u>	<u>\$ 5,023</u>	<u>\$ (20,703)</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ 100	\$ 0	\$ 10	\$ (90)
Contributions and donations	42,000	42,000	4,991	(37,009)
TOTAL REVENUES	42,100	42,000	5,001	(37,099)
EXPENDITURES				
Current				
Public safety	394,413	394,413	289,404	105,009
TOTAL EXPENDITURES	394,413	394,413	289,404	105,009
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(352,313)	(352,413)	(284,403)	67,910
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
NET CHANGE IN FUND BALANCE	(2,313)	(2,413)	65,597	67,910
FUND BALANCE, BEGINNING	98,768	98,768	-	(98,768)
FUND BALANCE, ENDING	\$ 96,455	\$ 96,355	\$ 65,597	\$ (30,858)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ 25,000	\$ 25,000	\$ 9,160	\$ (15,840)
Intergovernmental			11,350	11,350
TOTAL REVENUES	<u>25,000</u>	<u>25,000</u>	<u>20,510</u>	<u>(4,490)</u>
EXPENDITURES				
Current				
General Government	78,000	78,000	37,806	40,194
Public works - highways and streets	-	-	-	-
Culture and recreation	500	500	-	500
Capital Outlay				
General Government	10,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>88,500</u>	<u>88,500</u>	<u>37,806</u>	<u>50,694</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,500)	(63,500)	(17,296)	46,204
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	-	(100,000)
NET CHANGE IN FUND BALANCE	36,500	36,500	(17,296)	(53,796)
FUND BALANCE, BEGINNING	<u>2,147,924</u>	<u>2,147,924</u>	<u>-</u>	<u>(2,147,924)</u>
FUND BALANCE, ENDING	<u>\$ 2,184,424</u>	<u>\$ 2,184,424</u>	<u>\$ (17,296)</u>	<u>\$ (2,201,720)</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

Custodial 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 FIDUCIARY NET POSITION

ALL PENSION TRUST FUNDS

DECEMBER 31, 2020

	Non-Uniform Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$	\$ 13,722,144	\$ 13,722,144
Receivables		212,804	212,804
Investment, at fair value			
Common stock, mutual funds	3,056,616	20,770,808	23,827,424
TOTAL ASSETS	3,056,616	34,705,756	37,762,372
LIABILITIES			
Payables		10,900	10,900
TOTAL LIABILITIES	-	10,900	10,900
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 3,056,616	\$ 34,694,856	\$ 37,751,472

TOWNSHIP OF FALLS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Non-Uniform Pension Fund	Police Pension Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 140,174	\$ 2,166,252	\$ 2,306,426
Plan Member		365,197	365,197
Commonwealth		669,641	669,641
Total Contributions	140,174	3,201,090	3,341,264
Investment Income			
Dividend income		450,416	450,416
Net appreciation (depreciation) in fair value of investments	374,492	2,234,655	2,609,147
Total investment income	374,492	2,685,071	3,059,563
Less: investment expenses		71,940	71,940
Net investment income (loss)	374,492	2,613,131	2,987,623
TOTAL ADDITIONS	514,666	5,814,221	6,328,887
DEDUCTIONS			
Benefits	94,074	2,842,803	2,936,877
Administrative expenses	1,404	10,900	12,304
Total deductions	95,478	2,853,703	2,949,181
Change in Net Position	419,188	2,960,518	3,379,706
NET POSITION, BEGINNING YEAR	2,637,428	31,734,338	34,371,766
NET POSITION, END OF YEAR	\$ 3,056,616	\$ 34,694,856	\$ 37,751,472

TOWNSHIP OF FALLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TOWNSHIP ESCROW SUBDIVISION FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	<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	\$ 3,431,894	\$ 4,214,153	\$ 614,388	\$ 7,031,659
Accounts receivable	1,704	-	-	1,704
TOTAL ASSETS	<u>\$ 3,433,598</u>	<u>\$ 4,214,153</u>	<u>\$ 614,388</u>	<u>\$ 7,033,363</u>
LIABILITIES				
Deposits	\$ 3,433,598	\$ 4,214,153	\$ 614,388	\$ 7,033,363
TOTAL LIABILITIES	<u>\$ 3,433,598</u>	<u>\$ 4,214,153</u>	<u>\$ 614,388</u>	<u>\$ 7,033,363</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, 2019 AND 2020

	2019	2020
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 16,460,926	\$ 16,460,926
Construction in progress	746,526	746,526
Building	6,005,505	6,005,505
Machinery and Equipment	5,459,478	5,771,214
Improvements	16,219,671	16,418,967
Infrastructure	116,128,714	119,270,816
Vehicles	3,828,398	3,779,946
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 164,849,218	\$ 168,453,900

	2019	2020
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General Fund	\$ 6,482,240	\$ 6,482,240
Special Revenue Fund	2,900,986	3,124,527
Capital Reserve Fund	5,243,954	5,243,954
Host Community Fees Fund	144,480,451	147,861,592
Donations	5,741,587	5,741,587
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 164,849,218	\$ 168,453,900

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	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			41,214		17,741			58,955
Finance and Administration			2,690,051		663,942			3,353,993
Other-unclassified		\$ 746,526	458,969	\$ 15,600	87,972			1,308,967
Total general government	-	746,526	3,219,678	15,600	776,294	-	-	4,758,098
Public Safety								
Police			188,233		2,123,984		1,898,565	4,210,782
Fire and Emergency					44,204		142,289	186,493
License and Inspection					46,847		86,885	133,732
Total public safety		-	188,233	-	2,215,035	-	2,127,739	4,531,007
Highways and Streets:								
Engineering			646,771	19,375	2,449,260	7,314,267	1,570,754	7,961,038
Maintenance						268,911		4,308,300
Street System	1,757,000		646,771	19,375	2,449,260	111,687,638	1,570,754	113,444,638
Total highways and streets	1,757,000	-	1,293,542	38,750	4,898,520	119,270,816	1,570,754	125,713,976
Culture and recreation	14,703,926	-	1,950,823	16,383,992	330,625	-	81,453	33,450,819
Total governmental funds capital assets	\$ 16,460,926	\$ 746,526	\$ 6,005,505	\$ 16,418,967	\$ 5,771,214	\$ 119,270,816	\$ 3,779,946	\$ 168,453,900

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, 2020

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>1/1/2020*</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>December 31, 2020</u>
General Government				
Supervisors	\$ 36,183	\$ -	\$ -	\$ 36,183
Manager	58,955	-	-	58,955
Finance and Administration	3,863,718	63,137	-	3,926,855
Other-Unclassified	736,105	-	-	736,105
Total general government	<u>4,694,961</u>	<u>63,137</u>	<u>-</u>	<u>4,758,098</u>
Public Safety				
Police	4,234,176	229,719	253,113	4,210,782
Fire and Emergency Management	186,493	-	-	186,493
License and Inspection	133,732	-	-	133,732
Total public safety	<u>4,554,401</u>	<u>229,719</u>	<u>253,113</u>	<u>4,531,007</u>
Highway and Streets				
Engineering	7,295,030	666,008	-	7,961,038
Maintenance	4,084,759	223,541	-	4,308,300
Street system	110,968,544	2,476,094	-	113,444,638
Total highways and streets	<u>122,348,333</u>	<u>3,365,643</u>	<u>-</u>	<u>125,713,976</u>
Culture and recreation	<u>33,251,523</u>	<u>199,296</u>	<u>-</u>	<u>33,450,819</u>
Total governmental funds capital assets	<u>\$ 164,849,218</u>	<u>\$ 3,857,795</u>	<u>\$ 253,113</u>	<u>\$ 168,453,900</u>

*Beginning balance has been restated

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net position, invested in capital assets	\$ 87,526,313	\$ 87,863,974	\$ 89,222,666	\$ 91,172,798	\$ 92,304,493	\$ 94,701,771	\$ 96,366,263	\$ 95,245,962	\$ 89,871,750	\$ 88,258,738
Restricted	2,283,848	2,131,956	1,937,753	1,853,004	1,130,649	616,792	689,937	864,626	1,137,956	1,095,729
Unrestricted	26,992,212	25,371,740	17,496,375	18,581,076	16,378,231	18,495,489	36,613,764	40,705,849	47,395,896	51,226,521
Total governmental activities net position	\$ 116,742,373	\$ 115,367,670	\$ 108,656,814	\$ 111,606,878	\$ 109,813,373	\$ 113,724,052	\$ 133,673,964	\$ 136,816,437	\$ 138,405,602	\$ 140,580,988
Business-type activities										
Net position, invested in capital assets	\$ 162,700	\$ 162,700	\$ 164,673	\$ 166,646	\$ 168,619	\$ 170,592	\$ 172,565	\$ 174,538	\$ 176,511	\$ 178,484
Restricted	(170,304)	(122,927)	(165,406)	(132,911)	(126,453)	(104,443)	(155,586)	(175,414)	(203,530)	(155,563)
Total business-type activities net position	\$ (7,604)	\$ 39,773	\$ (733)	\$ 33,735	\$ 42,166	\$ 66,149	\$ 16,979	\$ (876)	\$ (27,019)	\$ 22,921
Primary government										
Net position, invested in capital assets	\$ 87,689,013	\$ 88,026,674	\$ 89,387,359	\$ 91,339,444	\$ 92,473,112	\$ 94,872,363	\$ 96,538,828	\$ 95,420,500	\$ 90,046,261	\$ 88,437,222
Restricted	2,283,848	2,131,956	1,937,753	1,853,004	1,130,649	616,792	689,937	864,626	1,137,956	1,095,729
Unrestricted	26,761,908	25,248,813	17,330,959	18,448,165	16,251,778	18,301,046	36,458,178	40,530,435	47,192,366	51,070,958
Total primary government net position	\$ 116,734,769	\$ 115,407,443	\$ 108,656,081	\$ 111,640,613	\$ 109,855,539	\$ 113,790,201	\$ 133,690,943	\$ 136,815,561	\$ 138,378,553	\$ 140,603,909

Note: GASB Statement No. 68 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
General government	\$ 3,912,871	\$ 3,249,482	\$ 2,873,517	\$ 2,777,044	\$ 2,526,800	\$ 2,604,253	\$ 2,713,828	\$ 2,573,012	\$ 2,415,703	\$ 2,240,103
Public safety	18,449,272	16,036,113	18,673,866	18,450,556	18,063,659	17,048,216	16,080,941	15,554,489	14,588,506	14,122,814
Public works - highways and streets	6,311,940	6,523,490	6,304,948	6,143,032	5,864,181	6,112,069	6,198,874	5,817,812	5,530,481	5,289,057
Culture and recreation	1,431,403	1,457,548	1,702,130	1,647,909	1,583,519	1,381,797	1,626,865	1,902,802	1,837,690	1,792,862
Debt service interest	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>30,105,486</u>	<u>27,266,633</u>	<u>29,554,461</u>	<u>29,018,601</u>	<u>28,137,959</u>	<u>27,146,335</u>	<u>26,820,508</u>	<u>25,848,115</u>	<u>24,372,380</u>	<u>23,434,826</u>
Business-type activities										
Water	-	-	-	-	-	-	-	-	-	-
Sewer	97,377	208,208	220,009	186,823	201,255	191,930	169,094	222,846	226,079	215,598
Pinewood Pool	97,377	208,208	220,009	186,823	201,255	191,930	169,094	222,846	226,079	215,598
Total business-type activities expenses	<u>194,754</u>	<u>416,416</u>	<u>440,018</u>	<u>373,646</u>	<u>402,510</u>	<u>383,860</u>	<u>338,188</u>	<u>445,692</u>	<u>452,158</u>	<u>431,196</u>
Total primary government expenses	<u>\$ 30,200,240</u>	<u>\$ 27,474,841</u>	<u>\$ 29,774,470</u>	<u>\$ 29,205,424</u>	<u>\$ 28,339,214</u>	<u>\$ 27,338,265</u>	<u>\$ 26,989,802</u>	<u>\$ 26,070,961</u>	<u>\$ 24,598,459</u>	<u>\$ 23,650,424</u>
Program revenues										
Governmental activities										
Charges for services	\$ 993,247	\$ 1,189,498	\$ 1,084,762	\$ 1,188,042	\$ 1,221,258	\$ 1,126,255	\$ 1,089,257	\$ 1,021,066	\$ 953,299	\$ 945,872
General government	1,861,102	2,016,786	1,664,920	1,710,954	1,683,666	1,562,830	1,547,850	1,537,490	1,496,699	1,431,035
Public safety	46,195	58,116	86,563	49,849	40,756	83,773	55,208	140,425	59,570	38,004
Public works - highways and streets	47,425	216,936	189,182	203,229	183,297	154,321	155,373	178,347	174,219	160,081
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Operating grants & contributions	889,388	863,379	827,383	633,179	704,953	600,873	630,338	628,019	579,781	867,321
General government	227,528	257,363	247,377	263,627	300,765	279,659	296,721	312,828	278,797	467,220
Public safety	943,567	971,833	1,178,465	1,160,217	893,062	737,750	822,537	702,500	864,175	645,539
Public works - highways and streets	-	3,245	4,699	6,800	4,718	12,468	670	30	32	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>5,008,452</u>	<u>5,597,156</u>	<u>5,285,351</u>	<u>5,195,897</u>	<u>5,032,485</u>	<u>4,557,929</u>	<u>4,597,954</u>	<u>4,520,645</u>	<u>4,408,572</u>	<u>4,575,082</u>
Business-type activities										
Charges for service	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	198,714	185,525	178,392	177,272	184,100	156,949	173,989	176,139	166,755
Pinewood Pool	-	198,714	185,525	178,392	177,272	184,100	156,949	173,989	176,139	166,755
Total business-type activities program revenues	<u>-</u>	<u>397,428</u>	<u>371,050</u>	<u>356,784</u>	<u>354,544</u>	<u>368,200</u>	<u>313,898</u>	<u>347,978</u>	<u>352,278</u>	<u>333,510</u>
Total primary government program revenues	<u>\$ 5,008,452</u>	<u>\$ 5,795,870</u>	<u>\$ 5,470,876</u>	<u>\$ 5,374,289</u>	<u>\$ 5,209,757</u>	<u>\$ 4,742,029</u>	<u>\$ 4,754,903</u>	<u>\$ 4,694,634</u>	<u>\$ 4,592,711</u>	<u>\$ 4,741,837</u>
Net (Expense)/Revenue										
Governmental activities	<u>\$(25,097,034)</u>	<u>\$(21,669,477)</u>	<u>\$(24,269,110)</u>	<u>\$(23,822,704)</u>	<u>\$(23,105,474)</u>	<u>\$(22,588,406)</u>	<u>\$(22,222,554)</u>	<u>\$(21,327,470)</u>	<u>\$(19,865,808)</u>	<u>\$(18,859,744)</u>
Business-type activities	<u>(97,377)</u>	<u>(9,494)</u>	<u>(34,484)</u>	<u>(8,431)</u>	<u>(23,863)</u>	<u>(7,830)</u>	<u>(12,145)</u>	<u>(48,857)</u>	<u>(49,940)</u>	<u>(48,843)</u>
Total primary government net expense	<u>\$(25,194,411)</u>	<u>\$(21,678,971)</u>	<u>\$(24,303,594)</u>	<u>\$(23,831,135)</u>	<u>\$(23,129,457)</u>	<u>\$(22,596,236)</u>	<u>\$(22,234,699)</u>	<u>\$(21,376,327)</u>	<u>\$(20,015,748)</u>	<u>\$(18,908,587)</u>

Fiscal Year

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General revenues and other changes in net position										
Governmental activities										
Property taxes, levied for general purposes	\$ 2,386,023	\$ 2,372,703	\$ 2,285,129	\$ 2,284,653	\$ 2,251,598	\$ 2,265,384	\$ 2,270,450	\$ 2,263,235	\$ 2,274,529	\$ 2,279,128
Real estate transfer taxes	974,598	1,105,489	896,009	843,218	831,173	727,455	664,784	858,764	582,059	361,953
Local Services taxes	634,178	658,484	644,855	399,195	418,884	406,667	404,511	371,842	371,546	376,399
Mechanical device tax	38,044	39,161	35,138	34,201	31,414	32,015	34,285	34,023	33,593	36,372
Other taxes	13,975	13,120	13,075	13,105	14,279	14,279	14,173	13,288	14,328	12,938
Payment in lieu of taxes	-	-	75,000	74,650	74,650	75,000	75,000	75,000	75,459	75,000
Contributions not restricted to specific programs	21,630,113	23,098,151	24,172,523	21,705,453	15,256,922	14,298,232	15,419,498	16,082,578	14,104,136	13,179,521
Investment earnings	562,396	951,214	508,272	182,793	222,764	161,521	176,550	37,434	288,455	958,489
Miscellaneous revenues	281,410	192,011	163,838	77,591	79,525	72,437	46,510	77,141	46,327	529,619
Gain / Loss on sale of capital assets	-	-	16,954	-	3,586	-	4,320	-	-	-
Transfers	(50,000)	(50,000)	-	-	-	(57,000)	(30,000)	(75,000)	-	(150,000)
Total governmental activities	26,471,737	28,380,333	28,750,793	25,616,209	19,194,795	17,995,990	19,080,081	19,738,305	17,790,422	17,659,419
Business-type activities										
Investment earnings	-	-	16	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	30,000	75,000	-	150,000
Transfers	50,000	50,000	-	-	-	57,000	-	-	-	-
Total business-type activities	50,000	50,000	16	16	-	57,000	30,000	75,000	-	150,000
Total primary government	\$ 26,521,737	\$ 28,430,333	\$ 28,750,809	\$ 25,616,209	\$ 19,194,795	\$ 18,052,990	\$ 19,110,081	\$ 19,813,305	\$ 17,790,422	\$ 17,809,419
Change in net position	\$ 1,374,703	\$ 6,710,856	\$ 4,481,683	\$ 1,793,505	\$ (3,910,679)	\$ (4,592,416)	\$ (3,142,473)	\$ (1,589,165)	\$ (2,175,386)	\$ (1,200,325)
Governmental activities	(47,377)	40,506	(34,458)	(8,431)	(23,983)	49,170	17,865	26,143	(49,940)	101,157
Business-type activities	\$ 1,327,326	\$ 6,751,352	\$ 4,447,215	\$ 1,785,074	\$ (3,934,662)	\$ (4,543,246)	\$ (3,124,618)	\$ (1,563,022)	\$ (2,225,326)	\$ (1,099,166)
Total primary government										

Source: Falls Township records

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable:										
Prepaid Items	\$ 589,214	\$ 515,138	\$ 526,682	\$ 477,349	\$ 476,441	\$ 230,604	\$ 233,547	\$ 196,903	\$ 204,163	\$ 169,290
Assigned to:										
Capital Projects	8,911,595	8,619,178	8,102,212	4,561,979	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	8,932,781	9,926,276	818,577
Unassigned	41,088,618	40,484,753	35,759,191	32,186,591	17,372,557	25,226,617	26,488,008	22,781,297	14,616,130	24,783,566
Total General fund	\$ 50,589,427	\$ 49,619,069	\$ 44,388,085	\$ 37,225,919	\$ 34,371,980	\$ 35,399,375	\$ 36,720,970	\$ 40,340,962	\$ 42,073,239	\$ 36,292,015
All other governmental funds										
Nonspendable:										
Prepaid Items	\$ 16,678	\$ 14,731	\$ 19,472	\$ 18,259	\$ 18,992	\$ 6,819	\$ 5,261	\$ -	\$ -	\$ -
Restricted for:										
Culture and recreation	210,347	191,871	158,593	150,597	5,798	-	-	-	120,805	333,961
Fire protection	5,860	-	-	-	-	-	-	-	1,663	-
Library support	1,146	822	106	-	-	-	-	-	372	922
Rescue squad services	22,727	19,072	15,927	5,429	4,978	4,722	3,509	1,929	-	135
Recycling expenditures	455,466	454,796	451,296	448,500	447,261	446,485	446,335	446,235	446,108	445,943
Fire hydrant	106,002	105,256	81,228	56,311	33,123	10,845	-	-	-	-
Highway aid	1,044,975	1,001,128	918,569	929,108	430,561	52,404	178,854	222,604	427,175	290,572
Street Lighting	252,871	240,874	215,732	200,251	172,011	113,158	65,239	-	-	-
Crime prevention	184,454	118,959	96,408	62,808	36,917	-	-	193,858	141,833	24,196
Assigned to:										
Capital projects	2,258,913	2,176,209	2,097,933	2,150,376	2,227,944	2,371,894	2,978,281	3,054,331	7,590,030	16,576,441
Unassigned	-	(1,141)	(3,192)	(21,693)	(16,507)	(52,215)	(61,846)	(201,774)	(128,119)	(63,334)
Total all other governmental funds	\$ 4,559,439	\$ 4,322,577	\$ 4,052,072	\$ 3,999,946	\$ 3,361,078	\$ 2,954,052	\$ 3,615,633	\$ 3,717,183	\$ 8,599,867	\$ 17,608,836
Total Governmental Funds	\$ 55,148,866	\$ 53,941,646	\$ 48,440,157	\$ 41,225,865	\$ 37,733,058	\$ 38,353,427	\$ 40,336,603	\$ 44,058,145	\$ 50,673,106	\$ 53,900,851

Source: Falls Township records

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes										
Property	\$ 2,385,953	\$ 2,357,216	\$ 2,311,956	\$ 2,272,548	\$ 2,265,864	\$ 2,261,982	\$ 2,284,798	\$ 2,268,738	\$ 2,268,828	\$ 2,279,211
Real estate transfer	974,598	1,105,489	836,009	843,218	831,173	727,455	664,784	858,764	582,059	361,953
Local Services tax	637,348	658,301	643,235	396,014	420,501	400,136	410,435	371,787	371,209	376,414
Mechanical device	39,044	39,161	35,138	34,201	31,414	32,015	34,285	34,023	33,583	36,372
Motor Fuel tax	943,566	988,286	947,675	901,513	864,028	737,650	671,686	621,321	633,435	633,393
Payment in lieu of taxes	-	-	75,000	74,999	74,649	75,000	75,000	75,000	75,459	75,000
Host Community fees	21,630,113	23,098,151	24,172,523	21,706,453	15,256,922	14,298,232	15,419,488	16,082,578	14,104,136	13,079,521
Licenses and permits	803,658	823,140	873,720	868,497	878,272	853,011	840,523	816,356	797,257	749,112
Fines and forfeits	139,184	185,468	194,345	233,942	183,350	200,543	182,573	200,345	186,362	162,229
Interest earnings	562,396	951,214	508,273	182,794	222,763	161,521	176,550	37,431	288,457	1,210,431
Rents	72,712	72,875	60,535	39,427	90,103	73,959	99,532	104,771	98,081	135,933
Inergovernmental	1,137,250	1,126,494	1,169,887	1,126,259	979,318	866,063	905,352	973,464	1,070,995	1,327,844
Charges for services	1,943,561	2,386,188	2,049,040	1,979,522	1,977,827	1,837,137	1,697,430	1,747,987	1,627,068	1,711,050
Contributions and donations	4,991	60,890	136,387	68,206	73,745	41,928	187,371	62,685	33,588	33,035
Refunds of prior years	247,389	185,374	62,458	85,187	97,448	71,384	42,788	34,874	34,101	30,278
Miscellaneous	-	-	-	-	-	-	-	-	-	115
Total revenue	31,521,763	33,998,247	34,076,181	30,812,780	24,247,377	22,638,016	23,692,635	24,289,924	22,204,618	22,201,891
Expenditures										
Current										
General government	3,739,315	3,035,914	2,692,124	2,525,235	2,338,372	2,424,751	2,525,187	2,389,076	2,283,123	2,091,505
Public safety	18,624,097	18,341,650	17,741,879	17,637,681	16,974,695	15,868,682	15,253,208	14,903,972	13,802,918	13,315,061
Public works - highway and street	3,094,573	3,174,345	3,173,868	3,020,790	2,867,881	3,093,416	3,258,566	3,035,945	2,905,706	2,830,061
Culture and recreation	949,108	929,820	1,187,073	1,093,359	1,028,753	978,519	1,020,866	1,134,638	1,046,577	1,055,873
Capital outlay										
General government	63,137	114,438	-	215,145	10,121	365,577	240,184	399,969	65,462	185,890
Public safety	229,719	254,332	224,753	264,707	280,549	105,110	150,105	839,433	277,014	307,440
Highways and streets	3,365,643	2,388,996	1,610,671	2,174,529	781,630	635,971	4,793,746	6,888,844	4,303,795	3,932,673
Culture and recreation	199,296	213,490	248,275	388,527	609,331	1,099,615	146,635	1,277,434	758,629	1,554,258
Debt service principal	-	-	-	-	-	-	-	-	-	-
Debt service interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	30,264,888	28,452,985	26,878,843	27,319,973	24,871,332	24,571,641	27,388,497	30,869,311	25,443,224	25,272,761
Excess of revenues over/(under) expenditures	1,256,875	5,545,262	7,197,338	3,492,807	(623,955)	(1,933,625)	(3,695,862)	(6,579,387)	(3,238,606)	(3,070,870)

Fiscal Year

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other financing sources(uses)										
Transfer in	550,000	550,000	462,000	620,000	856,900	684,000	558,000	5,352,064	9,309,500	463,700
Transfer out	(600,000)	(600,000)	(462,000)	(620,000)	(856,900)	(741,000)	(588,000)	(5,427,064)	(9,309,500)	(613,700)
Sale of capital assets	345	6,227	16,954	-	3,586	7,449	4,320	39,426	10,861	13,770
Total other financing sources(uses)	(49,655)	(43,773)	16,954	-	3,586	(49,551)	(25,680)	(35,574)	10,861	(136,230)
Net change in fund balance	\$ 1,207,220	\$ 5,501,489	\$ 7,214,292	\$ 3,492,807	\$ (620,369)	\$ (1,983,176)	\$ (3,721,542)	\$ (6,614,961)	\$ (3,227,745)	\$ (3,207,100)

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%	0.00%	0.00%
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Source: Falls Township records

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

Year ending December 31,	Property	Local Services	Real Estate Transfer	Mechanical Device	Total
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
2018	2,311,956	643,235	836,009	35,138	3,826,338
2019	2,357,216	658,301	1,105,489	39,161	4,160,167
2020	2,385,953	637,348	974,598	39,044	4,036,943

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
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
2018	376,669,280	55,773,300	320,895,980	3,915,481,081	9.62%	7.22
2019	376,818,470	45,097,760	331,720,710	3,541,526,974	10.64%	7.22
2020	378,331,750	45,215,500	333,116,250	3,365,940,836	11.24%	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 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)	
2011	7.22	0.00	7.22	23.20	150.300	180.720
2012	7.22	0.00	7.22	23.20	150.300	180.720
2013	7.22	0.00	7.22	23.20	150.300	180.720
2014	7.22	0.00	7.22	23.20	153.450	183.870
2015	7.22	0.00	7.22	23.20	157.890	188.310
2016	7.22	0.00	7.22	23.20	161.360	191.780
2017	7.22	0.00	7.22	23.20	165.060	195.480
2018	7.22	0.00	7.22	24.45	167.540	199.210
2019	7.22	0.00	7.22	24.45	170.076	201.746
2020	7.22	0.00	7.22	25.45	170.076	202.746

(a) Information supplied by Falls Township Tax Collector

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

Taxpayer	Type of Business	2020			2011		
		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	\$ 6,135,640	1	1.84%	\$ 6,314,040	1	1.98%
USX Corp / United States Steel Corp	Industrial	5,962,200	2	1.79%			
Healey, Robert T. & William J.	Apartment	4,935,880	3	1.48%	4,974,720	2	1.56%
Pennwood Management LLC	Mobile Home Park	4,579,320	4	1.37%	4,579,320	3	1.44%
National Prop. Investments/Village Pennbrook 2 LLC	Apartment	4,320,000	5	1.30%	4,320,000	4	1.36%
WMI Properties	Industrial	4,214,280	6	1.27%	4,001,400	5	1.26%
K-Mart Corporation / Fairsan Co LLC	Industrial	3,108,000	7	0.93%	3,108,000	6	0.98%
Wheelabrator Falls Inc.	Industrial	2,616,770	8	0.79%	2,616,770	9	0.82%
General Motors LLC	Industrial	2,070,490	9	0.62%	2,811,270	8	0.88%
Bucks County Economic Development Corp.	Development	1,842,770	10	0.55%	2,863,550	7	0.90%
Pennlake Realty Associates	Apartment				1,773,600	10	0.56%
Totals		<u>\$ 39,785,350</u>		<u>11.94%</u>	<u>\$ 37,362,670</u>		<u>11.74%</u>

(a) Total Assessed Valuation equal to \$ 333,116,250

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>
2011	\$ 2,305,950	\$ 2,213,694	96.00%	\$ 92,064	\$ 2,305,758	99.992%
2012	2,298,820	2,203,440	95.85%	95,170	2,298,610	99.991%
2013	2,293,161	2,202,566	96.05%	90,276	2,292,842	99.986%
2014	2,297,252	2,208,350	96.13%	88,574	2,296,924	99.986%
2015	2,295,559	2,211,958	96.36%	83,196	2,295,154	99.982%
2016	2,298,187	2,197,967	95.64%	99,420	2,297,387	99.965%
2017	2,303,287	2,214,456	96.14%	87,638	2,302,094	99.948%
2018	2,313,387	2,234,824	96.60%	76,503	2,311,327	99.911%
2019	2,395,023	2,305,707	96.27%	70,303	2,376,010	99.206%
2020	2,409,378	2,361,333	98.01%	-	2,361,333	98.006%

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				
2011	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -
2012	-	-	-	-	-	0.00%	-	-
2013	-	-	-	-	-	0.00%	-	-
2014	-	-	-	-	-	0.00%	-	-
2015	-	-	-	-	-	0.00%	-	-
2016	-	-	-	-	-	0.00%	-	-
2017	-	-	-	-	-	0.00%	-	-
2018	-	-	-	-	-	0.00%	-	-
2019	-	-	-	-	-	0.00%	-	-
2020	-	-	-	-	-	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>
2011	33,522	\$ 318,396,180	\$ -	\$ -	\$ -	0.000	\$ -
2012	34,300	317,612,260	-	-	-	0.000	-
2013	34,300	318,178,960	-	-	-	0.000	-
2014	34,367	317,944,500	-	-	-	0.000	-
2015	33,901	318,507,940	-	-	-	0.000	-
2016	33,714	318,479,530	-	-	-	0.000	-
2017	33,909	320,511,580	-	-	-	0.000	-
2018	33,769	320,895,980	-	-	-	0.000	-
2019	33,520	331,720,710	-	-	-	0.000	-
2020	33,520	333,116,250	-	-	-	0.000	-

(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, 2020

<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)	150,305,000	35.76%	53,749,068
Bucks County (c)	<u>239,830,600</u>	4.00%	<u>9,593,224</u>
 Total - Overlapping Debt	 \$ 390,135,600		 \$ 63,342,292

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222	\$ 69,543,568	\$ 77,510,227	\$ 77,955,169
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 48,405,976	\$ 50,041,011	\$ 53,255,417	\$ 54,681,043	\$ 55,125,538	\$ 54,843,196	\$ 60,533,222	\$ 69,543,568	\$ 77,510,227	\$ 77,955,169
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Year 2020

Borrowing Base Revenues: (a)	
2018	\$ 32,003,782
2019	32,081,141
2020	29,461,280
	<u>\$ 93,546,203</u>
Average Borrowing Base Revenues:	
Debt Limit Percentage	X
	\$ 31,182,068
	<u>250.00%</u>
Debt Limit	\$ 77,955,169
Less: Total Amount Of Debt Applicable to Debt Limit (b)	-
Legal Debt Margin	\$ 77,955,169

(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>
2011	\$ -	\$ -	\$ -	\$ -	0.00
2012	-	-	-	-	0.00
2013	-	-	-	-	0.00
2014	-	-	-	-	0.00
2015	-	-	-	-	0.00
2016	-	-	-	-	0.00
2017	-	-	-	-	0.00
2018	-	-	-	-	0.00
2019	-	-	-	-	0.00
2020	-	-	-	-	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>
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%
2018	33,769	N/A	10,342	12	0.12%	3.2%
2019	33,520	N/A	9,990	18	0.18%	4.2%
2020	33,520	N/A	9,907	9	0.09%	5.4%

Data Sources:

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

(b) Pennsbury School District, as of 6/30/2020

(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	2020			2011		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Pennsbury School District	Public Education	968	1	3.14%	967	1	3.97%
Aria Health - Bucks County Campus	Hospital	768	2	2.49%	946	2	4.28%
Amazon.com Services	Warehouse	330	3	1.07%			
Priva LLC	Home Health Care	270	4	0.88%			
Home Depot	Retail Store	220	6	0.71%	185	7	0.74%
Giant Supermarkets	Grocery Store	228	5	0.74%	153	8	0.63%
U-Haul Company of PA	Manufacturing	182	7	0.61%			
Peruzzi	Auto Sales	174	8	0.72%	123	10	0.68%
Abington Reidan Metals	Metals Refinery	172	9	0.59%			
Univar	Chemicals	171	10	0.56%			
Eckerd/Rite Aid	Warehouse/Retail Store				514	3	2.13%
Kmart Distribution Center	Warehouse Distribution				340	4	1.78%
Waste Management	Waste Collector				218	5	0.88%
Gamesa Wind	Alternative Energy				213	6	0.99%
Sims Metal	Recycling				123	9	0.40%
Total		3,483		12.08%	3,782		16.48%

Source: Respective Companies and Township Records

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government	16	16	16	16	16	16	18	18	18	15
Public Safety										
Police										
Officers	53	51	51	51	51	52	51	52	50	51
Civilians	7	7	7	7	7	7	7	6	6	7
Fire										
Civilians	4	4	4	4	4	4	4	4	4	5
Highway and Streets										
Maintenance	16	16	16	16	16	17	17	16	17	15
Sanitation										
Culture and Recreation	3	3	3	4	3	2	2	2	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>99</u>	<u>97</u>	<u>97</u>	<u>98</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>98</u>	<u>97</u>	<u>95</u>

Sources: Township documents

FALLS TOWNSHIP
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Arrests	872	847	873	912	763	1,003	835	944	777	788
Parking Violations	107	125	192	106	70	219	178	246	209	159
Traffic Violations	1,283	1,403	1,413	1,958	1,967	3,423	3,445	2,806	1,409	1,519
Animal Control Investigations	326	272	272	255	224	320	348	469	408	351
Fire										
Number of calls answered	1,518	1,494	1,416	1,475	1,521	1,470	1,578	1,569	1,554	1,517
License and Inspection										
Business Licenses	1,384	1,481	1,363	1,764	1,404	1,902	1,799	2,122	1,980	2,105
Building Permits	747	564	645	571	777	553	522	453	524	366
Electrical Permits	331	430	445	495	459	596	533	603	674	553
Highways and Streets										
Road Reconstruction (lineal feet)	6,848	11,939	11,596	-	-	-	1,300	3,568	2,955	6,145
Culture and Recreation										
Community Park Pavillion Rentals	99	103	87	84	93	90	84	116	119	76

Sources: Various government departments

FALLS TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	55	55	60	59	57	57	56	54	45	41
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	413.33	413.33	413.33	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, 2020

Name of Company	Policy Number	Policy Period		Type of Coverage	Liability Limits	Deductible	Annual Premium
		From	To				
Delaware Valley Worker's Compensation Trust (DVMCT)	WC38828-2042	1/1/2020	1/1/2021	Workers Compensation	\$ 1M/\$1M/\$1M	\$ -	\$ 389,035
	05921852	1/1/2020	1/1/2021	Heart & Lung Act			50,487
Traveler's Fidelity & Deposit	107301330	6/19/2020	6/19/2021	Public Official Bond for Manager	\$ 2,000,000	\$ -	\$ 3,969
	POB08927696R20	5/1/2020	5/1/2021	Public Official Bond for Finance Dir	2,000,000	-	2,619
	POB09107657R20	1/1/2020	1/1/2021	Public Official Bond for Sec/Treas	2,000,000	-	2,292
National Union Fire Ins Co	SRG9142988/2979/2980	1/1/2020	1/1/2021	Volunteer Accident for Vol Fire Cos.	\$ 250,000	\$ -	\$ 1,898
	SRG9147838	10/24/2020	10/24/2021	Blanket Accident for Volunteers	250,000	-	594
	SRG9141599-A	2/12/2020	2/12/2021	Volunteer Accident for LFH Rescue	250,000	-	1,368
Traveler's	630-1H335843	6/18/2020	6/18/2021	Property	\$ 21,221,512	\$ 5,000	\$ 35,157
	ZLP-15T47305			General Liability	3,000,000	-	59,064
	ZLP-15T47305			Employment Practices Liability	1,000,000	15,000	included
	630-1H335843			Crime	As Specified	As Specified	included
	810-2C412812			Automobile	1,000,000	1,000	137,422
	ZUP-41M59670			Umbrella	10,000,000	10,000	42,836
	ZLP-15T47305			Public Officials Liability	1,000,000	10,000	included
	ZLP-15T47305			Law Enforcement Liability	1,000,000	15,000	59,699
	ZLP-15T47305			Employee Benefits Liability	3,000,000	1,000	included
	630-1H335843			Inland Marine	1,000,000	50,000	included
Traveler's	ZPL-91M61525	6/17/2020	6/17/2021	Cyber Liability / Computers	\$ 25,000	\$ 1,000	\$ 4,865
	PLL-16996	6/18/2020	6/18/2021	Pollution	\$ 3,000,000	\$ 10,000	\$ 4,182
Hartford Insurance Co	02-GTA-101282	12/14/2020	12/14/2021	Killed in Service/Act 30/Life &AD&D	\$ 500,000	\$ -	\$ 10,839
	VCFM00003744-05 FLEX3709011042-01	6/18/2020 2/11/2020	6/18/2021 2/11/2021	Flood - Millcreek Sports Complex Excess Flood-282 Trenton Rd	\$ 500,000 500,000	\$ 1,000 1,000	\$ 2,148 2,878
Philadelphia Indemnity	99058480162019	10/10/2020	10/10/2021	National Flood-Concession-Millcreek	\$ 176,000	\$ 1,500	\$ 858
	99058480152019	10/10/2020	10/10/2021	National Flood-Kiosk-Pennsbury	70,400	1,000	571
Total premium							\$ 812,901

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2020

<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) \$345,500 - Median Home Price (at 12/2019) \$1,200 - Median Rent - 2 Bedroom (at 12/2019)

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2020

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, 2020

Education: Pennsbury School District
 10 Elementary Schools
 3 Middle Schools
 1 High Schools (East & West Campus)
 9,907 Students

Libraries: Fallsington Library

<u>Apartment Complexes:</u>	<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: Citizens Bank
 TD Bank
 Spirit Financial Credit Union

Rail: No rail stations

Bus: No terminal

Airfield: No airfield

Source: Falls Township records

TOWNSHIP OF FALLS
Miscellaneous Statistics
December 31, 2020

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 Times of Trenton (Trenton, NJ)
The Trentonian (Trenton, NJ)
The Lower Bucks Leader

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 Jefferson Health - Bucks County Campus

Senior Housing:

Avenrowe - 55 & over Community
Galilee Pavilion - Assisted Living
Galilee Village Estates - Independent Living
St. Joseph's Court - 55 & over Community

Source: Falls Township records

