

TOWNSHIP OF  
**MIDDLETOWN**  
BUCKS COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended December 31, 2020





**TOWNSHIP OF MIDDLETOWN**  
**BUCKS COUNTY, PENNSYLVANIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED DECEMBER 31, 2020**

Prepared by the Middletown Township Finance Department  
Under the Direction of:

Mega Bhandary  
Director of Finance

TOWNSHIP OF MIDDLETOWN  
BUCKS COUNTY, PENNSYLVANIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2020

TABLE OF CONTENTS

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i-vii
Organizational Chart .....	viii
List of Elected and Appointed Officials .....	ix
Map of Bucks County, Pennsylvania.....	x
Certificate of Achievement for Excellence in Financial Reporting.....	xi

**FINANCIAL SECTION**

Independent Auditors' Report.....	3-5
Management's Discussion and Analysis .....	6-20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	22-23
Statement of Activities.....	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	25
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position .....	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund .....	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Investment Fund .....	30
Statement of Net Position - Proprietary Funds .....	31
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds .....	32
Statement of Cash Flows - Proprietary Funds .....	33
Statement of Fiduciary Net Position - Fiduciary Funds.....	34
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	35
Notes to Financial Statements.....	36-77

Required Supplementary Information:

Schedule of Changes in the Net Pension Liability and Related Ratios - Police Pension Plan .....	79
Schedule of Contributions - Police Pension Plan .....	80
Schedule of Changes in the Net Pension Liability and Related Ratios - Non-Uniform Pension Plan .....	81
Schedule of Contributions – Non-Uniform Pension Plan.....	82
Schedule of Changes in the Net OPEB Liability and Related Ratios - Other Post Employment Benefits .....	83
Schedule of Contributions – Other Post Employment Benefits .....	84

Combining and Individual Fund Statements and Schedules:

Major Governmental Funds .....	86
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Capital Reserve Fund.....	87
Non-Major Governmental Funds.....	88-89
Combining Balance Sheet - Non-major Governmental Funds .....	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds.....	91
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Street Lighting Fund .....	92
Budget and Actual - Fire Protection Fund .....	93
Budget and Actual - Park and Recreation Fund.....	94
Budget and Actual - Ambulance and Rescue Fund .....	95
Budget and Actual - Road Machinery Fund .....	96
Budget and Actual - Fire Hydrant Fund .....	97
Budget and Actual - State Highway Aid Fund .....	98
Budget and Actual – Debt Service Fund.....	99
Proprietary Funds.....	100
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Country Club Fund .....	101
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Farm Fund .....	102
Fiduciary Funds.....	103
Combining Statement of Net Position - Fiduciary Funds.....	104
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Fiduciary Funds .....	105
Statement of Changes in Assets and Liabilities - Township Escrow Funds.....	106

## STATISTICAL SECTION

Statistical Section Contents.....	108
Net Position by Component.....	109
Changes in Net Position.....	110-111
Fund Balances of Governmental Funds.....	112
Changes in Fund Balances of Governmental Funds.....	113
Tax Revenues by Source, Governmental Funds.....	114
Assessed and Estimated Actual Value of Taxable Property.....	115
Property Tax Rates - Direct and Overlapping Governments.....	116
Property Taxpayers.....	117
Property Tax Levies and Collections.....	118
Legal Debt Margin Information .....	119
Ratios of Outstanding Debt by Type.....	120
Ratios of Net General Bonded Debt Outstanding.....	121
Computation of Direct and Overlapping Bonded Debt.....	122
Demographic and Economic Statistics.....	123
Principal Employers .....	124
Full-Time Equivalent Municipal Employees by Function/Program.....	125
Operating Indicators by Function/Program.....	126
Capital Asset Statistics by Function/Program.....	127

## INTRODUCTORY SECTION

May 26, 2021

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

The Comprehensive Annual Financial Report of the Township of Middletown, County of Bucks, Commonwealth of Pennsylvania, for the year ended December 31, 2020 is hereby submitted.

This report was prepared by the Township's Finance Department in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by Bee Bergvall & Co., Certified Public Accountants. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Township's management staff. 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 and account groups of the Township. All disclosures necessary to enable the reader to gain an understanding of the Township's financial activities have been included.

The organization, form, and contents of this *Comprehensive Annual Financial Report* and the accompanying financial statements and 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 a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the report. The MD&A can be found immediately following the report of the Independent Auditors.

### **Financial Entity**

Middletown Township provides a full range of municipal services. These services include police and fire protection; construction and maintenance of streets, storm sewers and other infrastructures; recycling, yard waste and residential solid waste services; zoning regulation and building inspection; park and recreational activities; and the maintenance and replacement of street lights. In addition to general government activities, the governing body has a fiduciary responsibility for the pension trust funds, private-purpose trust funds, and agency trust funds. Contributions to the Fire Companies and Rescue Squad serving Middletown residents are made through real estate tax levies.

### General Information

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 staggered terms. The Board is empowered with legislative functions which include enacting ordinances and resolutions, adopting a budget, levying taxes,



providing for appropriations, awarding bids and contracts, and making appointments to various advisory boards and commissions. The chief executive officer of the Township is the Township Manager, who is appointed by and serves at the pleasure of 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 Manager administers municipal affairs.

The Township of Middletown, established in 1692, is located in the heart of Lower Bucks County. The Township lies in the southeastern part of Pennsylvania and is one of the oldest municipalities in Bucks County. Covering an area of approximately 19 square miles, the Township is situated 2.1 miles northeast of Philadelphia, Pennsylvania, seven miles southwest of Trenton, New Jersey, and 71 miles southwest of New York, New York. It is adjacent to two exits of the Pennsylvania Turnpike and crossed by I-95, U.S. 1, and Route 413, linking the community to locations throughout the Greater Philadelphia Region and the interstate highway system. 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 school facilities, highways, water lines, and sewer lines.

Middletown Township is a highly desirable community in which to live, raise a family and retire. The Township is principally residential and commercial in character. The Township has a mix of single-family homes, retirement communities, townhouses, and apartments. There are a number of major retail shopping areas in the Township, notable of which are the Oxford Valley Mall and adjacent Route One shopping district, the Langhorne Square Shopping Centre, the Target Center, the Shoppes at Flowers Mill and the Summit Square Shopping Center.

The Middletown Township Police Department is a full service law enforcement agency, providing comprehensive policing services to our community. It has adopted the concept of community policing with emphasis on problem oriented policing. The Department works in partnership with the community addressing all issues affecting our residents and businesses. In partnership with the Oxford Valley Mall, the department has opened and maintains a substation at the mall. The Department also provides police protection for Sesame Place during their months of operation. The Department received accreditation under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission in December 2008, December 2011, December 2015 and December 2018. This accreditation, which is renewed every three years, requires the Department to meet one hundred thirty-one (131) professional standards. Out of approximately 1,100 departments in Pennsylvania, Middletown was the 61st to achieve accreditation. Only about 100 of the 1,100 police departments in Pennsylvania have achieved this accreditation. Currently the Police Department has fifty-six (59) police officers, along with six (6) full time and fifteen (15) part time non-sworn personnel (Crossing Guards). The Police Department is divided into two divisions—Patrol and Criminal Investigation. The Department has several special units which include K-9 Unit, Accident Investigation Unit, Range Officer, and Evidence/Court Coordinator.

The Neshaminy School District administrative offices are located within Middletown Township. The District currently operates seven elementary schools, three middle schools, and one high school in a K-4, 5-8, and 9-12 configuration. Geographically, Neshaminy covers 27.6 sq. miles and includes the boroughs of Hulmeville, Langhorne, Langhorne Manor and Penn del, and the townships of Lower Southampton and Middletown, serving approximately 70,000 residents. Four private schools also serve the community: George School (grades 9-12), Newtown Friends School (grades K-8), Woods Services (physically handicapped children and adults), and Holy Family Regional Catholic School (grades K-8).

## **Economic Conditions and Outlook**

The Township of Middletown's growth is due largely to its position in the center of Lower Bucks County at the intersection of several major interstate highways and in close proximity to the Pennsylvania Turnpike. Significant commercial development began in the early 1970's with construction of the Oxford Valley Mall, a major regional shopping center. Sesame Place, a SeaWorld Parks & Entertainment park, and the nation's only theme park based entirely on the award-winning television show, Sesame Street, commenced operations in 1980 and is the largest tourist attraction in Bucks County. The rapid commercial and residential development of the Township is reflected in the growth of assessed value of real estate over the past forty (40) years. While potential for future residential, commercial and industrial development exists, the peak growth trend for the Township has ended.

The past decades of rapid growth and development have brought genuine benefits to the community, but have also created additional demands for municipal services and a possible need to redirect certain public policies and programs.

## **Current Year**

Middletown Township remained committed throughout 2020 to providing excellent service and maintaining efficiency across the organization despite the effects of the COVID-19 Pandemic. Each department worked tirelessly and contributed toward making Middletown Township a great and safe community that residents can be proud of. Departments adapted to a new working environment and found ways to keep operations moving forward for residents and businesses in the township. Two significant financial goals were achieved in 2020, as Middletown Township was awarded the Distinguished Budget Presentation Award by Government Finance Officers Association (GFOA) and the Certificate of Achievement for Excellence in Financial Reporting. The Distinguished Budget Award and the Comprehensive Annual Financial Report Award represents a commitment by the Board of Supervisors and staff to meet the highest principles of governmental budgeting and places Middletown Township in an elite group of governmental agencies to achieve this recognition.

The Township took several steps to secure as much revenue as possible, decrease expenditures, and increase efficiency throughout 2020 to negate as much financial impact as possible of the COVID-19 pandemic. Township staff worked diligently to secure more than \$870.2 thousand in grants to fund a wide range of projects, including vehicle purchases, facility improvements, and educational programs. Cost reduction efforts included delaying and minimizing operating spending, a staff/hiring freeze, an Early Retirement Incentive Program, and deferral of capital expenditures. To make the Township run efficiently, staff continued implementing new procedures and software systems that will increase performance and save time on routine tasks. These efforts were continued from 2016 and will continue into 2021 as well.

The Township continues its commitment to the Bucks County Consortium of Municipalities, which brings together municipalities from throughout the County to resolve common issues, make joint bids of products and services, and develop policies that benefit local governments in the region. The Township collaborates with neighbors and peer municipalities to gather comparable information, connections, and resources. Additionally, the Township also collaborates Commonwealth agencies with elected Commonwealth and Congressional representatives to advocate for changes to public policy.

Commercial construction dominated the projects that were completed or proposed to the Board of Supervisors throughout 2020. Most commercial construction is occurring on or around the Business Route 1 commercial corridor. Several restaurants in the Lincoln Plaza Shopping Center and along Lincoln Highway are under construction. A few large retail anchor spaces are transitioning to new businesses in this area, including a four-story hotel and a car wash now open for business at the location of the former Toys-R-Us building. The Oxford Valley Mall has also started the development of a multi-family residential community. Other residential construction within the Township mostly comprised of individual homes. A few moderate and major residential projects are expected to be proposed to the Board of Supervisors in 2021.

The Township, itself, completed construction projects aimed at improving infrastructure throughout the community. The 2020 Road Improvement Program repaved 3 miles of Township roads. Since 2014, the Township has invested over \$12 million to repair or rebuild 67 miles of roadway. The Township also completed several emergency storm water projects to improve drainage throughout the community. Township staff and consultants have also been working with the Pennsylvania Department of Transportation (Penn DOT), planning several traffic improvement projects that, in the coming years, will add turn lanes, widen roads, and improve traffic signals.

The Township has agreements with both Sesame Place and Oxford Valley Mall to provide a safe experience for residents visiting these two highly visible landmarks in the community. Both Sesame Place and Oxford Valley had a reduction in security requests for 2020 due to several months of closure and limited opening. Sesame Place only required a security detail of 1,188 hours in 2020 vs 1,585 2019 a reduction of \$35,000 in revenue to the Township. Simon Property Group, who owns Oxford Valley Mall, provides the Township with access to the mall common areas and security room as well as the resources needed for the additional security needs in and around the mall area. Simon paid approximately \$65,000 in 2020 vs \$162,000 in 2019 to cover the costs of the security services.

The Police Department committed to public safety and focused their efforts on responding to the COVID-19 pandemic and its effects on the community in 2020. The Middletown Township Police Department has a total of 59 officers, as well as two K9 officers. The Police Department had to cancel their yearly hosted large community event National Night Out (a block party with hundreds of participants at the Municipal Center to celebrate the Police Department's connections and partnership with the community), but was able to still hold their annual Shop with a Cop charity event socially distanced where they were able to collect funds to support children in need during the Christmas Holiday Season. Additionally, the Police Department replaced several vehicles largely with grant funding, as well as upgraded their Mobile Data Terminals (MDT's).

The Fire Marshal's Office also worked tirelessly to keep the community safe and focused their efforts on responding to the COVID-19 Pandemic in 2020. Staff completed over 1,000 ambulance decontaminations for COVID-19 and held over 1,180 COVID-19 modified inspections. They also continued their response to emergency calls related to fires and hazardous spills. This year, communication and education focused on the COVID-19 pandemic and safety as well as fire prevention. Staff ran programs for businesses, daycares and schools, and elderly communities to make those places safer. Their dedication and efforts have made Middletown a safer community.

The Parks & Recreation Department provided modified programs and community events throughout the year despite the COVID-19 Pandemic. Many yearly events such as Earth Day, the Holiday Open House, the Middletown at the Mall Summer Expo, and Beer Garden events that provided entertainment and recreation for visitors in previous years were cancelled. The Department ran successful zoom classes for free as well as a modified successful summer recreation program with careful safety precautions in mind. The Department also completed the install of a Sutu Kick wall at Middletown Community Park.

The Township continued its commitment to connecting with residents and keeping up with operations and administrative efforts throughout the year as well as working tirelessly to help the community stay safe and operational through the pandemic.

### **Systems and Internal Controls**

The management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft, or misuse and ensure that adequate accounting data is compiled and maintained to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the Township's objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed its benefit, and
2. The evaluation of cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the Township's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of transactions and maintenance of asset accountability.

### **Budget**

The Township also maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Activities of all Township funds, with the exception of the pension trust funds and the agency funds are included in the annual appropriation budget. The Board of Supervisors establishes the level of budgetary control in the broad categories contained in the Basic Financial Statements. Appropriations lapse at the close of the fiscal year and must be re-appropriated the following year.

Although the Township maintains the legal level of control established by law for its operating budget, the Board of Supervisors has also established an internal budgetary control system at the fund level, but each department is expected to operate within the annual departmental budget approved by the Board of Supervisors.

## **Policies and Procedures**

Over the years, the finance department has instituted a number of financial policies in order to provide assurance that financial operations occur in a consistent manner from department to department. These policies also enhance the safeguards for internal controls and budgetary compliance. One of the more significant policies is the purchasing system, including an encumbrance accounting system to aid in departmental budgetary control. Purchase orders, which would result in budget overruns, are not processed until budgetary transfers are received from the appropriate department.

As demonstrated by the statements and schedules included in the financial section of this report, the Township continues to meet its responsibility for sound financial management.

## **Cash Management**

The Township worked with TD Bank as its designated depository in 2020. TD Bank, who took over Commerce Bank which the Township has used since mid-2002, provides excellent service at little cost to the Township. Interest is paid on the net balance of all accounts the Township maintains at the bank. In 2021 the Township is switching to a more local bank Republic Bank to help with ever changing service requirements.

While idle cash from the Township's various funds continually earns interest at TD Bank, the Township also invests in interest bearing demand deposits through the Pennsylvania Local Government Investment Trust (PLGIT) Program, and/or the Pennsylvania INVEST Program. The PLGIT Program is a state chartered investment pool designed to combine monies from a number of participating municipalities and school districts and invest them in high-yield, low-risk United States Treasury Obligations or collateralized Certificates of Deposit. The INVEST Program is a family of highly rated investment pools designed specifically for local government and nonprofit groups. INVEST is similar in concept to money market funds, offering four rated pools with short-term maturity as well as periodic custom investment opportunities for longer-term investment needs. The maturity of these investments is timed to meet the Township's cash needs.

The proceeds from the 2002 sale of the Township's public water and sewer systems have been held in a reserve fund, known as the Investment Fund, and invested through third-party investment management firms that have considerable professional experience and knowledge in the management of public investments. The market value of those investments total \$44.5 million as of December 31, 2020.

The Township investments are limited to those authorized by the provisions of the Pennsylvania Second-Class Township Code. The Township's investment policy is to minimize credit and market risk while maintaining the highest yield on all funds. The primary objectives of the Township's investment policy are, in order of priority, safety, liquidity, and yield. Accordingly, deposits are either backed by the full faith and credit of the US Government, the Commonwealth of Pennsylvania, insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized. All collateral on deposits is held either by the Township, its agent, or a financial institution's trust department in the Township's name.

## **Independent Audit**

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2020 is the firm Bee, Bergvall & Co., Certified Public Accountants. The independent auditors' 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. They have issued an unqualified opinion for the year ended December 31, 2020.

## **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 Middletown for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020. That year was the seventeenth overall year that the Middletown Township has achieved this certificate of achievement. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial 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 that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we intend to submit it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgements**

The publication of this Comprehensive Annual Financial Report continues to reinforce the accountability of Middletown Township to the taxpayers of the community. The preparation of the 2020 Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Department. All others who contributed to the preparation of this report, including members of the Administration, Building and Planning, and Parks and Recreation Departments, the Fire Marshal's Office, the Police Department, and the Department of Public Works have my sincere appreciation for their contributions.

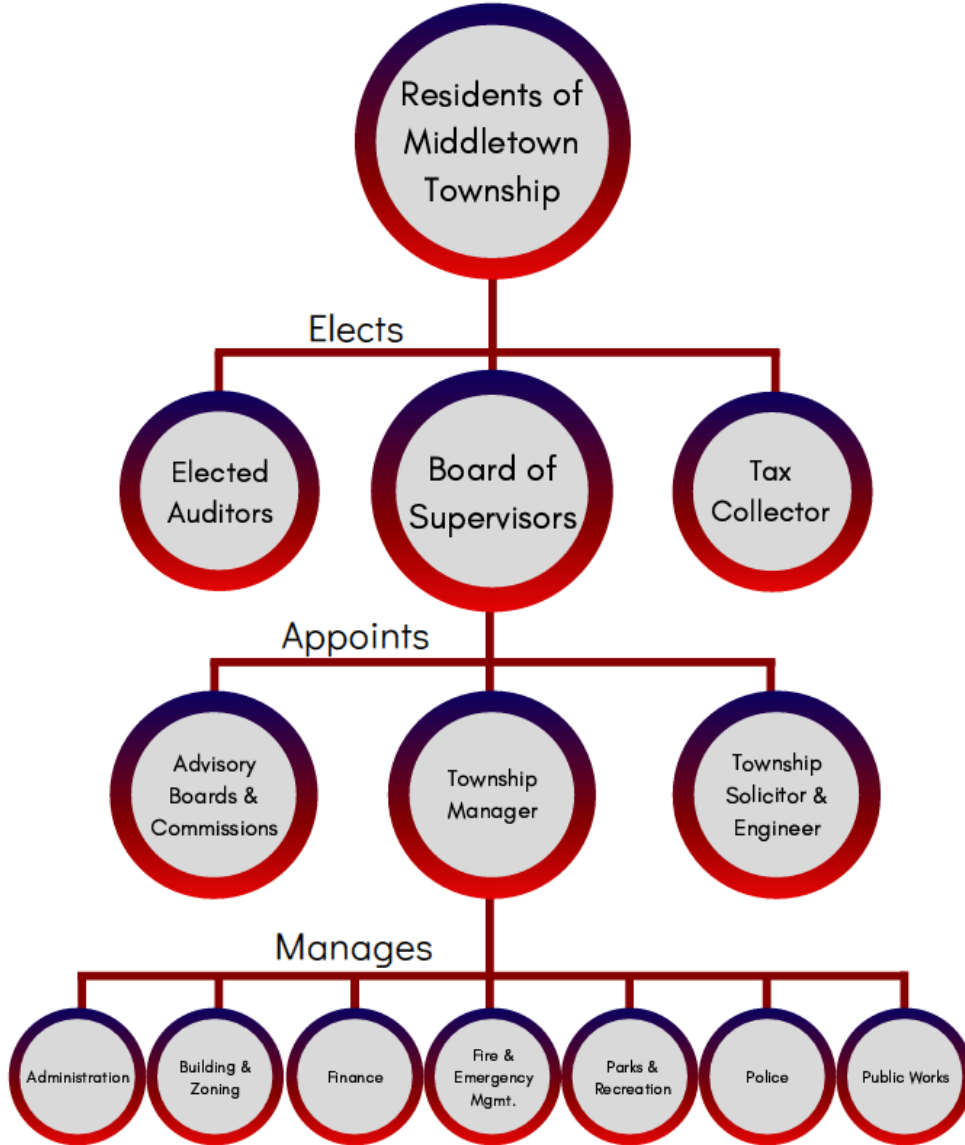
I would also like to thank the Board of Supervisors for their support and continued interest in the financial operations of the Township. Without their support, the preparation of this report would not have been possible.

Respectfully submitted,

Mega Bhandary  
Director of Finance

TOWNSHIP OF MIDDLETOWN  
BUCKS COUNTY, PENNSYLVANIA  
ORGANIZATIONAL CHART

December 31, 2020



**APPOINTED CITIZENS ADVISORY BOARDS & COMMISSIONS**

Board of Auditors  
 Citizen's Traffic Commission  
 Environmental Advisory Council  
 Financial Advisory Committee  
 Historic Preservation Commission

Human Relations Commission  
 Parks & Recreation Board  
 Planning Commission  
 Youth Aid Panel  
 Zoning Hearing Board

TOWNSHIP OF MIDDLETOWN  
BUCKS COUNTY, PENNSYLVANIA  
LIST OF ELECTED AND APPOINTED OFFICIALS

December 31, 2020

**2020 Board of Supervisors**

Mike Ksiazek, Chairperson  
Amy Strouse, Vice Chairperson  
Tom Tosti, Secretary  
Anna Payne  
Dawn Quirple

**Tax Collector**

Ray Chapman

**Elected Auditors**

Jena Champion, Chairperson  
Hannah Stackawitz, Vice Chairperson  
Jennifer Wilityer, Secretary

**APPOINTED OFFICIALS**

**Executive Officials**

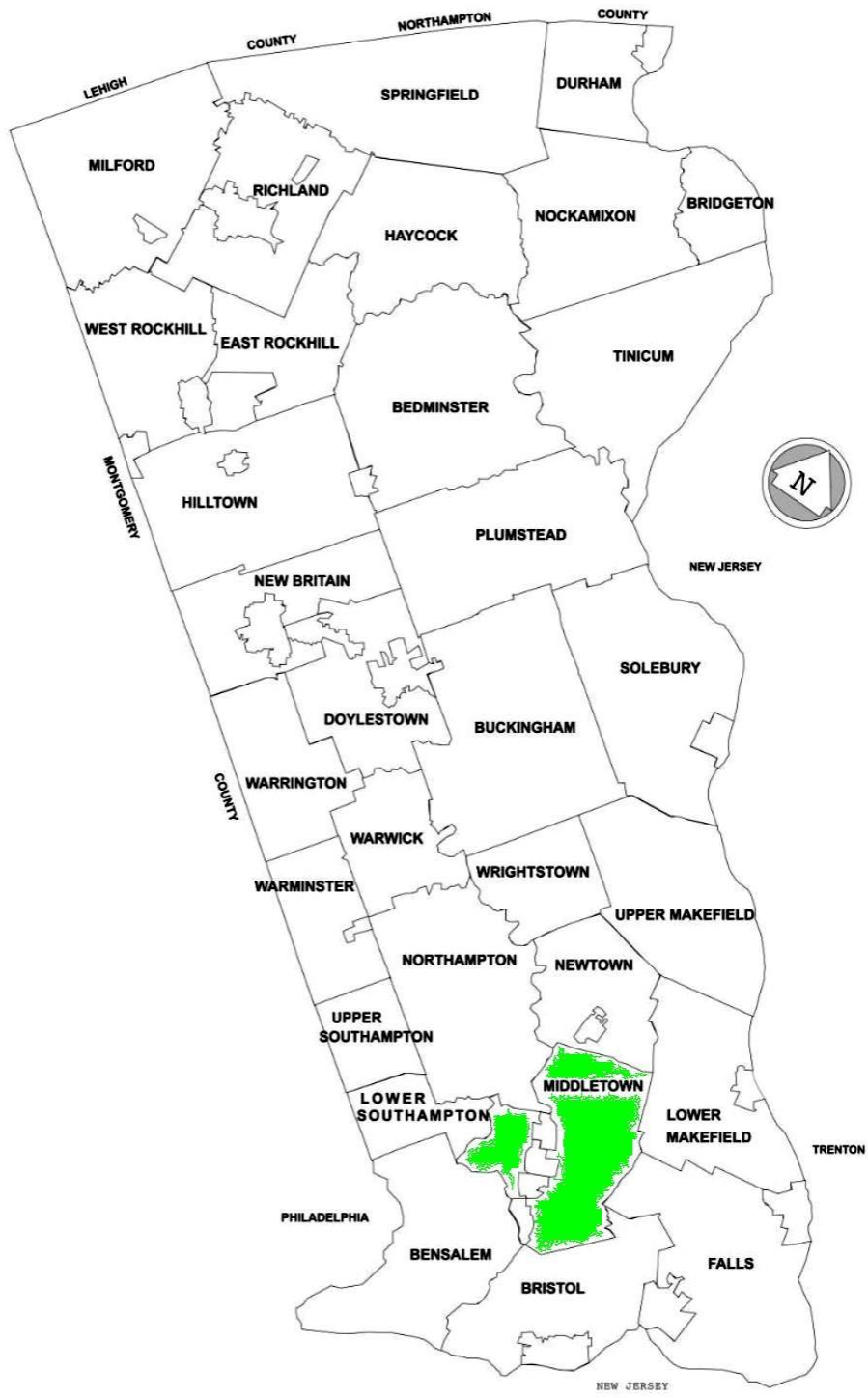
Stephanie Teoli Kuhls, Township Manager  
Joseph Bartorilla, Chief of Police  
Lisa Berkis, Special Projects Manager  
Mega Bhandary, Director of Finance  
Patrick Ennis, P.E., Director of Building and Zoning  
Eric Gartenmayer, Public Works Superintendent  
Paul Kopera, Director of Parks and Recreation  
James McGuire, Fire Marshal  
Scott Sadowsky, Assistant to the Manger  
Nick Valla, Management Analyst

**Professional Consultants**

Jim Esposito, Esq., Curtin & Heefner, Township Solicitor  
Isaac Kessler, P.E., Remington & Vernick, Township Engineer  
Phil Wursta, P.E., Traffic Planning & Design



# Map of Middletown Township





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Township of Middletown  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION



936 Easton Rd., PO Box 754, Warrington, PA 18976 | 70 W. Oakland Ave., Ste. 106, Doylestown, PA 18901  
130 Almshouse Rd. Suite 201A, Richboro, PA 18954 |  
215-343-2727 | [www.bbco-cpa.com](http://www.bbco-cpa.com)

## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Middletown Township, Pennsylvania

### ***Report on the Financial Statements***

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 Middletown, Pennsylvania, 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.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Middletown Township, Pennsylvania, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, and the investment fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other-Matters***

### ***Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 20, and the historical trend information on pages 80 through 84 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 historical 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 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 Middletown's, Pennsylvania, financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

*Bee, Bergvall & Co.*

Bee, Bergvall and Company, P.C.  
Certified Public Accountants

Warrington, PA  
May 26, 2021

**Middletown Township  
Bucks County, Pennsylvania**

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

**Unaudited**

The *Management's Discussion and Analysis* (MD&A) of the Township of Middletown's financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2020. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. 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.

The first group of basic financial statements required by Governmental Accounting Standards is the government-wide financial statements, which are comprised of the Statement of Net Position and Statement of Activities. These statements report all of the assets, liabilities, revenues, and expenditures of the Township. They are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financials provide both long-term and short-term information about the Township's overall financial status.

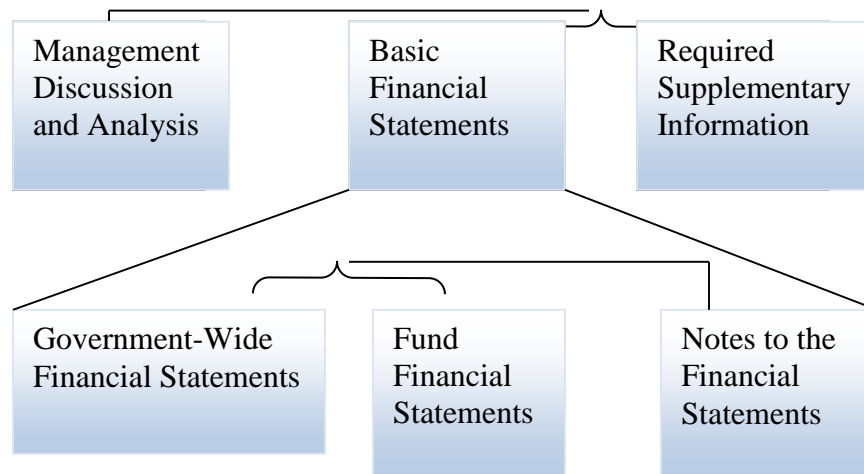
The remaining statements are fund financial statements which focus on the government's major governmental and enterprise funds. Governmental fund financials are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental funds statements tell how general Township services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer financial information about the activities that the Township operates like a business, that being the Middletown Country Club and the Styer's Farm. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others to whom the resources actually belong, i.e. Pension and Escrow Funds. Both the Proprietary and Fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition, required supplementary information (RSI) is presented, including a budgetary comparison schedule for the General Fund.

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

Figure 1  
Required Components of  
Middletown Township's Financial Report



### Government-Wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. Financial reporting at this level has its basis in full accrual accounting and eliminates or reclassifies internal activities.

The Statement of Net Position on pages 22-23 includes all of the government's assets and liabilities, with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Township as a whole 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 on pages 24 reports how the Township's Net Position has changed during the current fiscal year. It accounts for all of the current year's revenues and expenditures regardless of when cash is received or paid. It also reports depreciation. An important purpose of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues provided by the Township's taxpayers. This is accomplished by displaying expenditures net of program revenue, allocating program revenue to the particular expenditures categories they offset. General revenues, such as taxes, are reported separately.

The government-wide financial statements of the Township are divided into two categories:

- *Governmental activities* – All of the Township's basic services are included here financed by taxes, fees, contributions and grants.
- *Business type activities* – The Middletown Country Club Fund and the Styer's Farm Fund are included here recovering their costs through user fees and charges.



## **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Some funds are required by state law and by bond requirements. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

**Governmental Funds** – Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and changes in financial position, not on income determination. They are reported on a modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The focus of these statements is to provide a detailed short-term view of the Township's operations and the services it provides. It reports on the use of spendable resources during the year and the balances of spendable resources available at the end of the year. This information helps the reader determine whether there are sufficient resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is reconciled in the financial statements on page 26 -28.

**Proprietary Funds** – These funds are used to account for the Township activities that are similar to business operations in the private sector. That is, an activity where the reporting is on determining net income, financial position, and changes in financial position, and a significant portion of the activity's funding is through user charges. Proprietary fund statements provide both short- and long-term financial information consistent with the focus provided by the government-wide financial statements but with more detail and additional information, such as cash flows.

**Fiduciary Funds** – These funds, such as the Pension Funds and the Township Escrow Fund, are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. These activities are excluded because the Township cannot use these assets to finance its operations. These funds may also be referred to as Trust and Agency Funds.

### Notes to the Financial Statements

The notes 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 page 36 through 77 of this report.

## **Financial Analysis of the Township as a Whole**

Net position may serve, over time, as a useful indicator of a government's financial position. In Middletown Township, assets exceed liabilities by \$72,079,149 and \$78,922,108 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 at December 31, 2020 and December 31, 2019:

**Table 1**  
**Summary of Net Position**  
**For the Years Ending 12/31/20 and 12/31/19**  
**(Government-Wide)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 66,333,001	\$ 65,114,349	\$ 401,491	\$ 461,955	\$ 66,734,492	\$ 65,576,304
Capital Assets	53,211,943	54,112,697	4,353,969	4,411,404	57,565,912	58,524,101
Total Assets	119,544,944	119,227,046	4,755,460	4,873,359	124,300,404	124,100,405
Deferred Outflows of Resources	2,090,320	2,805,177	-	-	2,090,320	2,805,177
Current and Other Liabilities	3,940,593	3,832,927	240	187,067	3,940,833	4,019,994
Long-Term Liabilities	42,911,188	38,751,773	149,364	-	43,060,552	38,751,773
Total Liabilities	46,851,781	42,584,700	149,604	187,067	47,001,385	42,771,767
Deferred Inflows of Resources	2,704,334	525,415	-	12,250	2,704,334	537,665
Net Position						
Net investment in Capital Assets	33,800,051	32,405,615	4,353,969	4,411,404	38,154,020	36,817,019
Restricted	2,711,797	2,078,243	-	-	2,711,797	2,078,243
Unrestricted	35,567,301	44,438,250	251,887	262,638	35,819,188	44,700,888
Total Net Position	\$ 72,079,149	\$ 78,922,108	\$ 4,605,856	\$ 4,674,042	\$ 76,685,005	\$ 83,596,150

The current assets of the Township are comprised primarily of cash, short-term investments, and accounts receivable. The largest portion of the current assets balance is made up of cash and investments held by the Investment Fund (\$44.5 million in 2020). Government Activities Current Assets, cash and cash equivalents, increased by \$1,218,652 during 2020. This increase is mainly due to the investment fund's interest accumulation. Middletown Township made a move to mix up its investments with the purchase of Certificate of Deposits (CD's) and Money Markets outside of their normal Investment Strategy. Both investments proved to be fruitful despite the interest decreases due to COVID-19. The Township's capital assets are comprised of land, buildings, machinery & equipment, and infrastructure, net of accumulated depreciation. The Township uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. In 2020 Middletown Township, increased their overall Capital Assets by quite a bit less than planned due to project delays related to COVID. Many projects have been pushed into 2021. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Recent capital asset additions are discussed later in this report and in Note D to the Basic Financial Statements. Deferred outflows of Resources refer to police and non-uniform pension related activity as well as other post-retirement benefits. This amount is \$2,090,320, which is a decrease of \$714,857 year over year.

Current liabilities consist primarily of accounts payable, various accruals and the current portion of long term liabilities. Government Activities Current Liabilities increased by \$107,666 during 2020, primarily a result of an increase in accounts payable. Long-term liabilities include principal balances owed on various General Obligation Bonds and notes, and accrued sick and severance pay, and Net Pension Liability. The outstanding principal on the 2016 and 2020 bond issues make up \$19,600,000 of the liabilities balance at year end 2020. Debt administration is discussed later in this report and in Note E to the Basic Financial Statements. Net Pension Liability and OPEB Liability make up \$8,108,171 and \$12,579,021, respectively, of Long-term Liabilities at year end 2020. Deferred inflows of resources refer to deferred revenue related to special assessments, unamortized deferred gains on refunding, police and non-uniform pension, and other post-retirement benefits. This amount is \$2,704,334, which is an increase of \$2,178,919. This increase is due to an increase in police pension liabilities related to a change in the police union contract for pension benefits.

The difference between the assets and liabilities is labeled as Net Position. Net Position is broken down as Capital, Restricted and Unrestricted. Net Position Net Investment in Capital Assets is reported net of accumulated depreciation and any outstanding principal owed on related debt. Restricted Net Position is restricted by outside parties: creditors, grantors, contributors, legislation, or other governments. They are restricted for items such as debt service, state highway aid, tax fund legal purpose. The remaining balance is Unrestricted Net Position, and more detail of this can be found in the Government Funds Balance Sheet, page 26-27, where, under fund accounting, it is comprised of committed, assigned and unassigned amounts. The committed and assigned balances are amounts set aside for a specific purpose by the Township. Unassigned amounts are not currently the object of any tentative management plans.

Governmental Activities decreased the Township's Net Position by \$6,842,959 during the current fiscal year. Business-type Activities decreased the Township's Net Position by \$68,186 during the current fiscal year. These activities are comprised of the Middletown Country Club and the Styer's Farm.

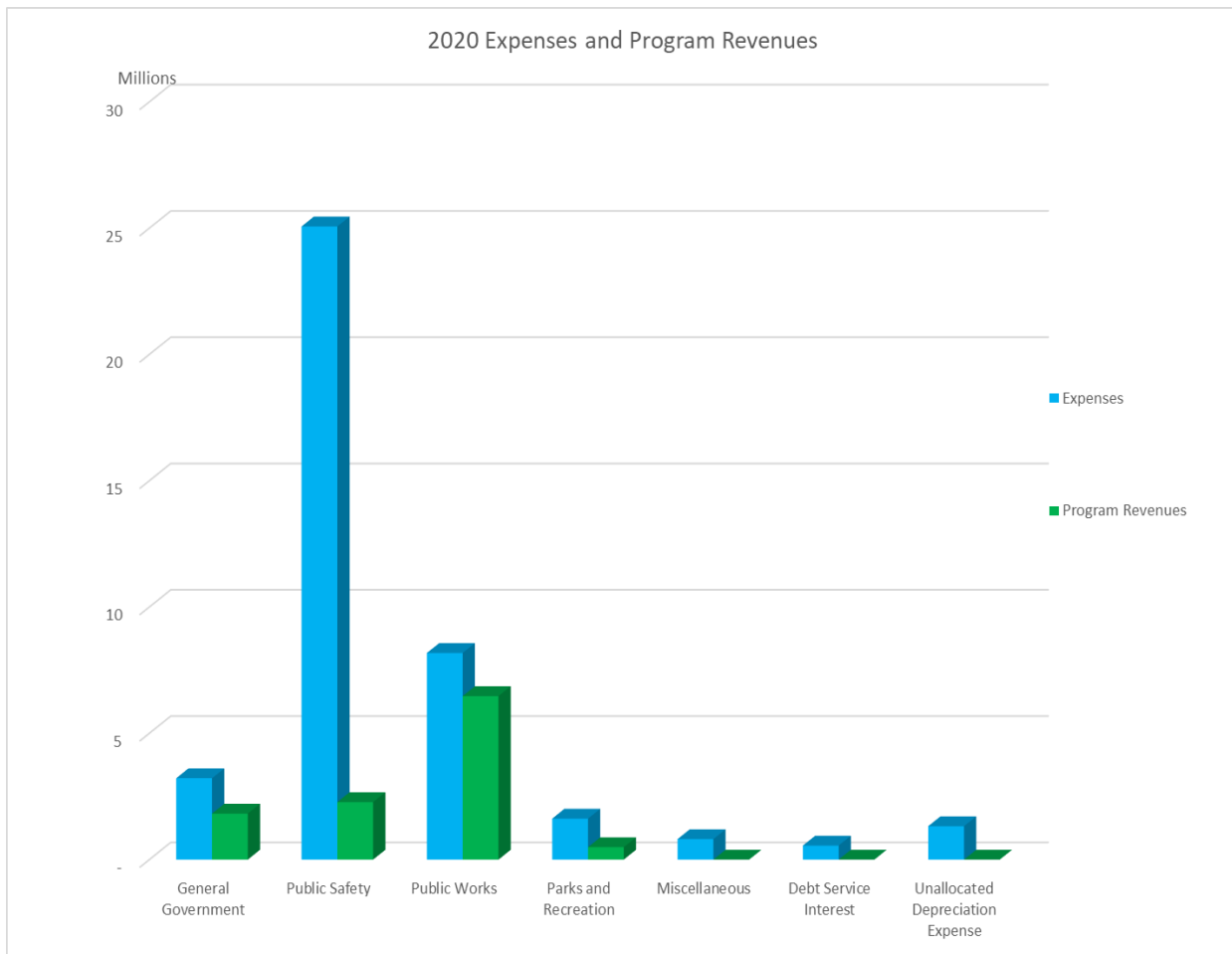
The result of this year's operations as a whole are reported in the Statement of Activities on page 24-25. All expenditures are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expenditures categories are netted against them to determine the final amount of the Township's activities that are supported by other general revenues, primarily Property Taxes, Earned Income and Other Taxes (Act 511 Taxes). Basically, the Statement shows which Township expenditures are funded by specific program revenues and the balance of expenditures left to be funded by tax revenues.

Table 2 takes the information from the Statement of Activities and rearranges it slightly by showing the Township's total revenues for the year ended December 31, 2020 compared to December 31, 2019.

**Table 2**  
**Changes in Net Position**  
**For the Years Ending 12/31/20 and 12/31/19**  
**(Government-Wide)**

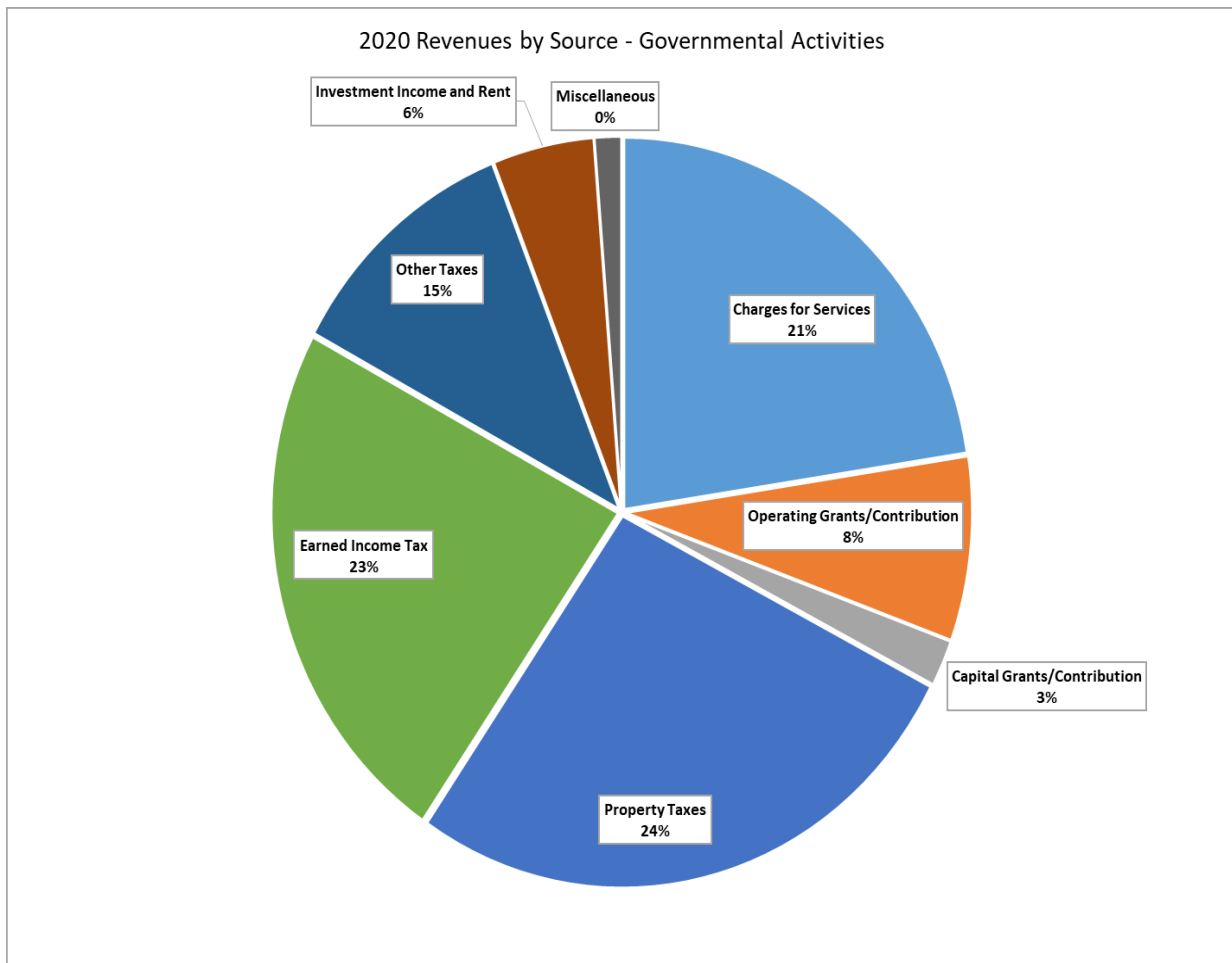
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,657,263	\$ 7,884,460	\$ 97,406	\$ 85,156	\$ 7,754,669	\$ 7,969,616
Operating grants and contributions	2,718,105	2,857,017	-	-	2,718,105	2,857,017
Capital grants and contributions	686,744	1,065,838	-	-	686,744	1,065,838
General revenues:						
Property taxes	9,141,928	9,178,658	-	-	9,141,928	9,178,658
Earned income taxes	7,910,977	8,701,147	-	-	7,910,977	8,701,147
Other taxes	3,790,869	5,538,712	-	-	3,790,869	5,538,712
Investment income and rent	1,601,713	2,079,183	1,703	4,962	1,603,416	2,084,145
Miscellaneous	426,308	456,837	37,703	-	464,011	456,837
Total Revenues	33,933,907	37,761,852	136,812	90,118	34,070,719	37,851,970
Expenses:						
General government	3,221,660	3,623,549	-	-	3,221,660	3,623,549
Public safety	25,067,666	18,539,577	-	-	25,067,666	18,539,577
Public works	8,180,772	7,978,282	-	-	8,180,772	7,978,282
Parks and recreation	1,621,528	1,810,919	-	-	1,621,528	1,810,919
Miscellaneous	809,851	736,849	-	-	809,851	736,849
Debt service interest	554,642	270,896	-	-	554,642	270,896
Unallocated depreciation on infrastructure	1,320,747	1,326,306	-	-	1,320,747	1,326,306
Business-type activities - Country Club	-	-	188,924	88,129	188,924	88,129
Business-type activities - Styer's Farm	-	-	16,074	12,928	16,074	12,928
Total Expenses	40,776,866	34,286,378	204,998	101,057	40,981,864	34,387,435
Change in Net Position	(6,842,959)	3,475,474	(68,186)	(10,939)	(6,911,145)	3,464,535
Net Position - Beginning of Year	78,922,108	75,446,634	4,674,042	4,684,981	83,596,150	80,131,615
Net Position - End of Year	\$ 72,079,149	\$ 78,922,108	\$ 4,605,856	\$ 4,674,042	\$ 76,685,005	\$ 83,596,150

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



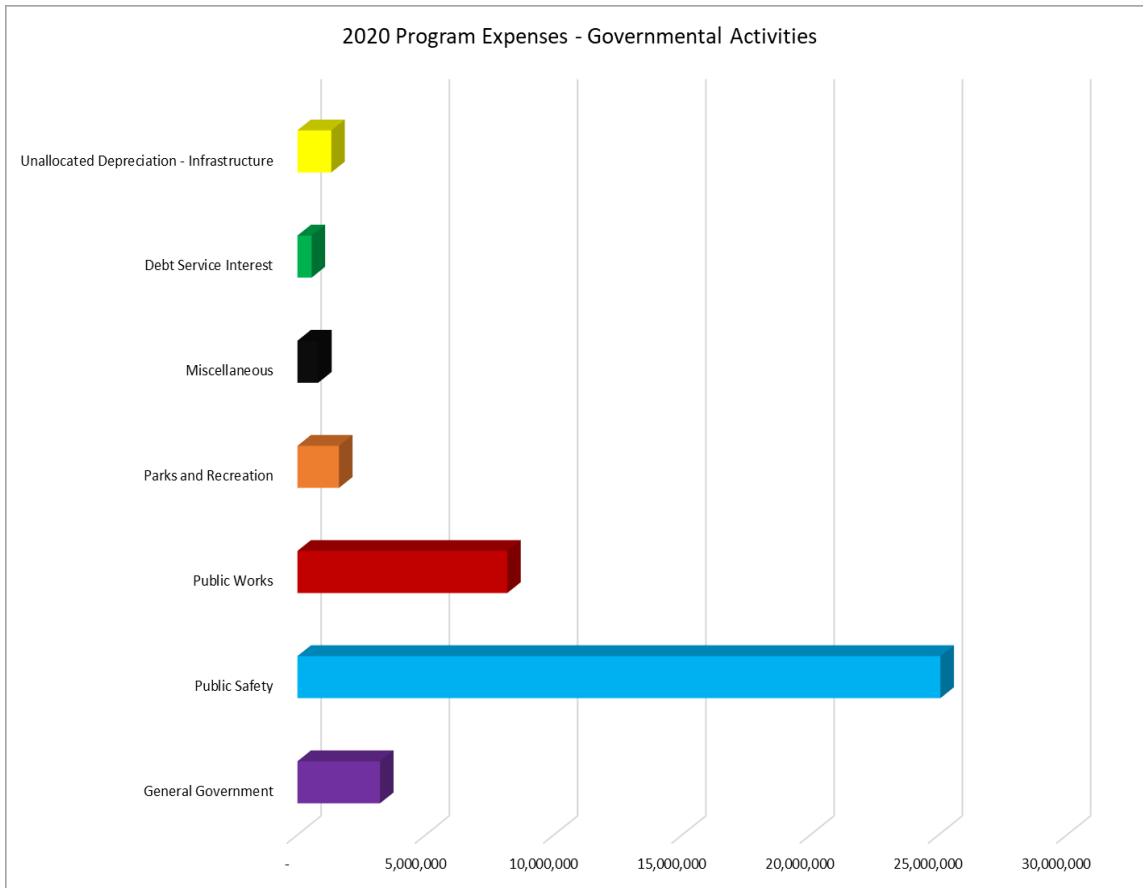
General revenues are required to support the programs. As reflected in the above chart program expenditures exceeded program revenues in all areas. General government expenditures exceeded program revenues by \$1,399,815, public safety by \$22,791,017, public works by \$1,709,619, and park and recreations by \$1,129,063.

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



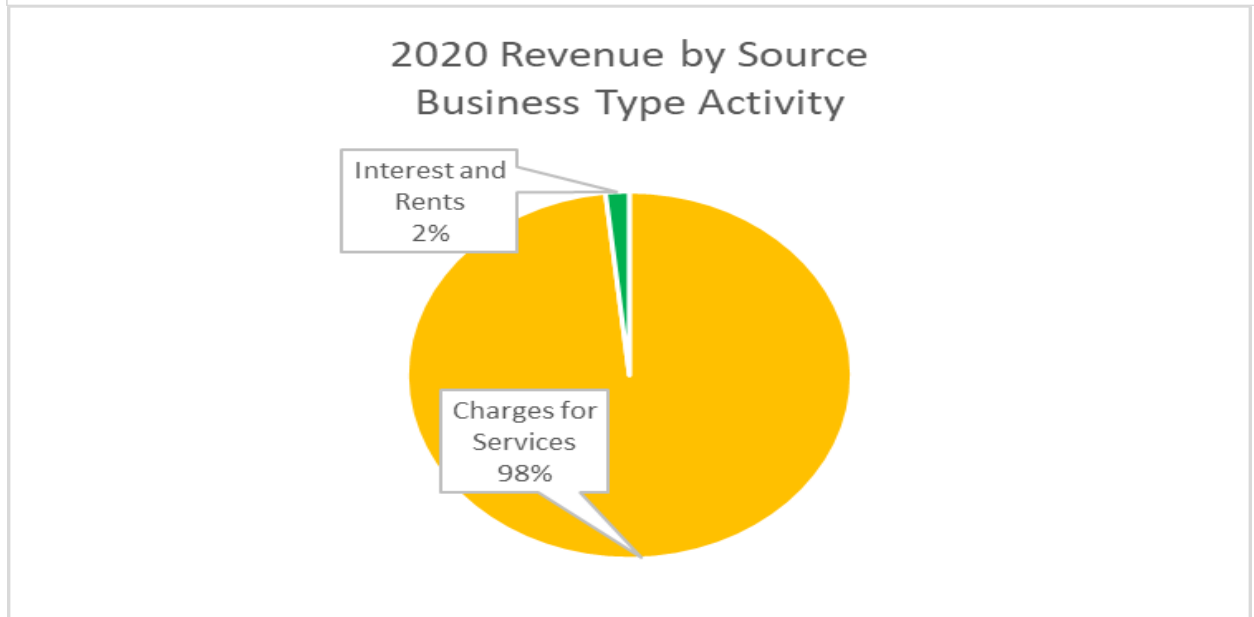
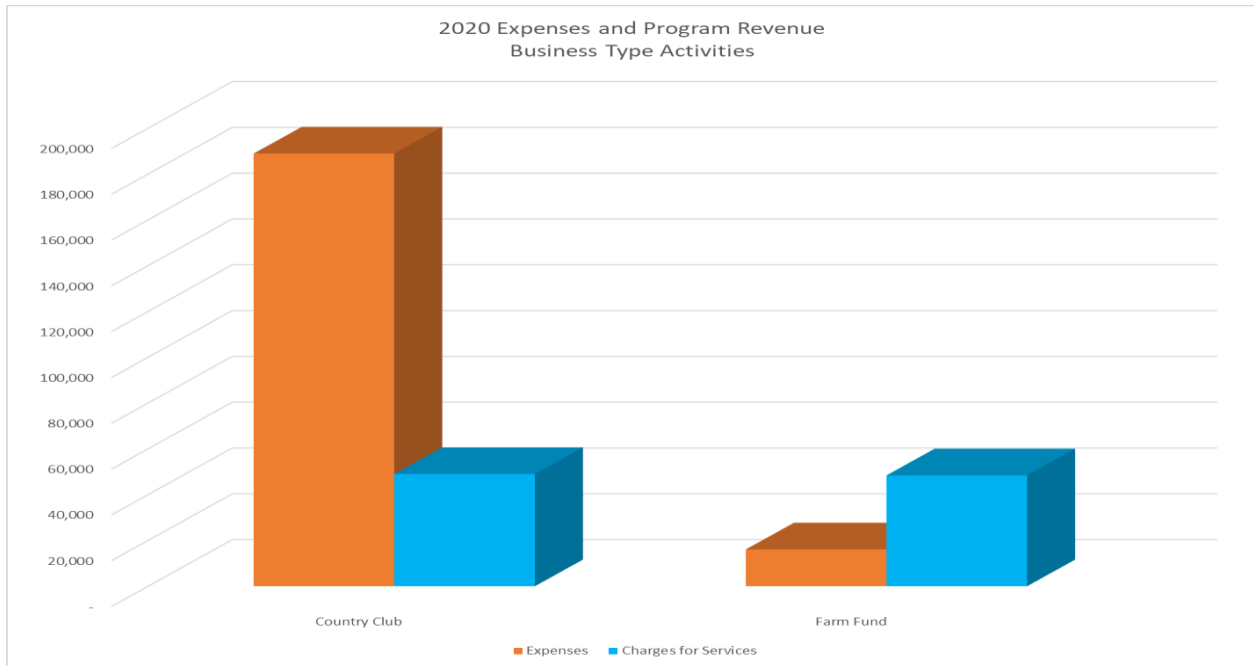
Of the total Government-wide revenues of \$33,933,907, the greatest share came from Property Taxes with revenues of \$9,141,928. The second largest revenue source is Earned Income Taxes with revenues of \$7,910,977. The Third largest revenue source is Charges for Services with revenues of \$7,657,263. Other Taxes include the Township’s Act 511 taxes such as the Local Services, Per Capita, Real Estate Transfer, Mercantile, Amusement, Mechanical Device Taxes, and Parking Fees had combined revenues of \$3,790,869. Operating and Capital Grants and Contributions brought in \$3,404,849. Investment income and rents netted the Township \$1,601,713. Miscellaneous Income amounting to \$426,308, comprise the balance of the 2020 revenues for governmental activities. Revenues came in quite a bit low in 2020 due to the impact of the pandemic.

The following chart shows the Government-wide sources of program expenditures for the year ended December 31, 2020.



The largest share of expenditures in 2020 were related to Public Safety, a broad category including police protection, animal control, school crossing guards, fire marshal’s services, code enforcement, planning and zoning, and emergency management. Public Safety expenditures totaled \$25,067,666 for 2020. Public Works expenditures include items such as solid waste collection expenditures, general road maintenance, repairs to tools and machinery, construction and rebuilding of storm sewers and guide rails, operation and maintenance of traffic signals, street signs, and snow removal. Public Works expenditures totaled \$8,108,772 for 2020. Parks and Recreation expenditures of \$1,621,528 fund the operation and maintenance of our Township parks, park buildings, and park equipment as well as administrative costs and Township recreation programs. General Government expenditures of \$3,221,660 make up the third largest segment of 2020 expenditures. This category covers the costs of staffing, benefits, and other administrative costs and ancillary expenditures. Depreciation expenditures of \$1,320,747, Debt Service Interest of \$554,642, and miscellaneous expenditures of \$809,851 primarily insurance expenditures, round out the 2020 total program expenditures for governmental activities.

The following charts show the expenditures and program revenues and the revenues by source from Business-Type activities for the year ended December 31, 2020:



Business-type Activities decreased the Township’s Net Position by \$68,186 during the current fiscal year. The Middletown Country Club revenues totaled \$49,006 with offsetting expenditures of \$188,924 for an operating loss of (\$139,918). The Styer’s Farm revenues totaled \$48,400 for the year with offsetting expenditures of \$16,074 for an operating income of \$32,326. Total Interest and rents along with miscellaneous revenues to make up the net position of (\$68,186) is \$39,406.



## **The Township Fund Balances**

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

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

At the close of the year, the governmental funds for the Township reported a combined fund balance of \$62,737,555 which represents an increase of \$1,157,752 from the previous year. The largest component of this increase was the Investment Fund.

The general fund had a total fund balance of \$7,004,439 at year end, which is a \$1,890,571 decrease from the prior year. Much of this is due to the Global Pandemic. The Sanitation Fund is budgeted and accounted for as a separate fund, however, for financial reporting purposes, the Sanitation Fund is combined with the General Fund.

The investment fund has a total fund balance of \$44,526,345 at fiscal yearend, an increase of \$1,368,642 from the prior year. This large increase is due to an increase in interest revenue.

The capital reserve fund has a total fund balance of \$7,899,804 at year end, which is a \$1,026,364 increase from the prior year. The increase is due to a bond issuance of \$3M at the beginning of 2020. Other Funding is provided for by RDA grant monies, federal and state grants and note and lease issuances. The township maintains a five-year capital plan that is used as a guide to determine the level of funding that is needed in this fund.

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

The unrestricted Net Position of the Country Club fund is \$156,897 at year end 2020. The total Net Position is \$2,161,904. The Country Club is supported completely by non-tax revenues.

The unrestricted Net Position of the Styer's Farm fund is \$94,990 at year end 2020. The total Net Position is \$2,443,952. The property is a valuable asset to the Township and management continues to strive to improve the financial reserves of the fund.

## **General Fund Budget Highlights:**

The Middletown Township Board of Supervisors approved the Original 2020 Budget on December 16, 2019, which included the continuation of a 17.570 millage rate for real estate taxes and an earned income tax at 0.5%.

During the year, the Township's General Fund decreased due to the impact of the pandemic on local taxes such as amusement tax, mercantile taxes, and local service taxes as well as lower revenue in services.

General Fund Revenues were lower than the budgeted amounts by \$1,682,579 primarily due to the pandemic, most notably the local enabling taxes (Amusement, Local Service, Mercantile, and Transfer Taxes) which were \$1,432,425 lower than expected. Public Safety services also came in quite a bit lower than expected by \$711,804.

General Fund Expenditures were basically right on with budgeted amounts. Expenditures came in \$38,293 higher than budget. A push was made to cut back on non-essential expenditures and only focus on fixed cost expenditures as much as possible.

A schedule showing the Townships original and final budget amount compared with amounts actually paid and received is provided on page 29.

## **Capital Assets**

At December 31, 2020, the Township had \$57,565,912 invested in a broad range of capital assets (net), including land, land improvements, buildings, building improvements, machinery & equipment and infrastructure.

Capital assets increased in total by \$2,364,851 during the 2020 fiscal year as follows: Land Improvements - \$52,978, Building and Building Improvements - \$203,695, Machinery and Equipment - \$550,139, Infrastructure - \$1,558,039.

Additional information on Middletown Township's capital assets can be found in Note D to the Financial Statement.

## **Debt Administration**

As of January 1, 2020, the Township had total outstanding long-term debt of \$41,244,952 (principal only). Obligations of the Township include general obligation bond and notes, leases, accrued vacation, sick and severance pay for specific employees and pension liability and other post-retirement benefit liabilities for police. The outstanding long-term debt balance at December 31, 2020 is \$45,332,812 (principal only).

Moody's Investor Service Incorporation assigned an Aaa long term rating and stable outlook for Middletown Township bonds on November 15, 2019. Furthermore, Moody's Investor Services Aaa rating reflects the township's robust and stable financial position, bolstered by its longstanding "rainy day fund" reserve, as well as its strong management. The Aaa rating also incorporates the township's large and diverse tax base with its close proximity to Philadelphia. The Aaa rating also speaks to the township's modest leverage, inclusive of debt and pension liabilities, as well as its manageable fixed costs.

Compensated absences reflect a balance of \$2,345,516 in earned vacation, vested sick pay and vested severance pay as of December 31, 2020. Compensated Absences increased \$122,161 for the year. Pension Liability totaled \$8,108,171, and Other Post-Employment Benefits has an outstanding liability of \$12,579,021 at December 31, 2020.

See Note E to the Financial Statement for more detailed information regarding debt.

## **2021 Budget Overview**

This 2021 Budget includes \$36,686,465 in operating expenditures over thirteen governmental funds, reflecting a 4.9% increase from 2020. This spending plan will allow Middletown Township to continue to provide municipal services and programs at existing levels, with no tax increase.

The Township's thirteen governmental funds include costs to provide typical governmental functions. The 2021 General Fund Budget includes expenditures of \$22,332,000 which represents a 2.41% increase over the 2020 Budget.

The most challenging issue facing Middletown Township over the past several budget cycles has been the recurring structural imbalance which has existed in the General Fund since 2006. Significant progress has been made over the past four years to address this imbalance as the Administration has emphasized a culture of cost containment and ongoing review of revenue enhancement.

## **General Fund Revenue Budget**

- **Real Estate Tax:** The 2021 Middletown Township Real Estate Tax is based on an anticipated total assessed value of \$527,682,210. The proposed rate of 17.570 mills reflects no change from the 2020 rate.

- **Earned Income Tax:** An Earned Income Tax was implemented in 2014 at a rate of 0.5% of earned income on resident and non-resident workers. It is estimated that this tax will generate \$8,000,000 during the 2021 calendar year.
- **Real Estate Transfer Tax:** The Real Estate Transfer Tax is levied at ½ of 1% of the value of all real estate that transfers within Middletown Township. Revenue from this tax peaked in 2005 at \$1,440,813. This line item is expected to bring in approximately \$1,400,000 in 2021.
- **Mercantile Tax:** The Mercantile Tax is assessed on the gross income of anyone engaged in the sale of goods, wares and merchandise located within the Township. The tax is calculated based upon total gross receipts. The rate is ½ mill gross receipts for wholesale and ¾ mill gross receipts for retail. This line item is expected to generate \$1,175,000 in revenues in 2021.
- **Amusement Tax:** The Amusement tax levies a tax equal to 5% of eligible admission prices to certain places of amusement, entertainment or recreation. In 2021, \$1,160,000 is anticipated in revenue from this source.

### **General Fund – Expenditure Budget**

- The primary expenditure category in the General Fund is Police Protection at \$11,339,500. This category is significantly impacted by salary and benefit costs for the Township’s police force. In December of 2020, there are currently 59 officers in the department, which is equal to budget.
- The contribution required to the Police Pension fund has increased dramatically over the past seven years from \$764,346 in 2010 to \$3,334,000 in 2021. This is a slight reduction from 2020.
- Other significant expenditure categories in the 2021 General Fund include Administration at \$1,621,700; Public Works at \$1,676,000; Building & Planning at \$903,100 and Fire Protection/Emergency Management at \$786,100.

The complete 2021 Budget is available for review on the Middletown Township website at [www.middletownbucks.org](http://www.middletownbucks.org) under forms and documents, finance department.

### **Currently Known Facts, Decisions, and Conditions:**

The Middletown Township Financial Advisory Committee (FAC) was established to serve as an advisor to the Middletown Township Board of Supervisors, Township Manager and Finance Director on matters pertaining to issues of financial impact. This seven-member committee meets monthly and serves in an advisory capacity on items such as investments, debt management, and capital improvement funding alternatives.

In 2020, the Township submitted four (4) applications for Project Funding totaling \$468,976 to the Bucks County Redevelopment Authority (RDA) for 2021 Pennsylvania Gaming Revenue Grants. The grants are for 2021 projects, benefiting the Middletown Community as a whole. A Summary follows:

**2021 Pennsylvania Municipal Grant Program Awards**

<b><u>Project</u></b>	<b><u>Description</u></b>	<b><u>RDA Approved Grant Amount</u></b>
Middletown Township Police Department	Police Vehicles	\$119,647
Middletown Township Public Works Department	Public Works Vehicles	\$154,446
Parkland Fire Company	Generator	\$167,000
Langhorne-Middletown Fire Company	SCBA Replacement	\$27,883
Total		<u><u>\$468,976</u></u>

As mentioned throughout, a global pandemic due to the spread of the COVID-19 coronavirus in 2020 caused the United States government to declare a national emergency. As a result, economic uncertainties have arisen that could continue to cause negative impact to the Township finances in 2021 including investment income. The potential impact is unknown at this time. Middletown Township continues to monitor the impact and will make decisions best suited for its community.

**Contacting the Township’s Financial Management**

This financial report is designed to provide a general overview of the Township’s finances, comply with finance-related laws and regulations, and demonstrate the Township’s commitment to public accountability. If you have any questions about this report, or would like to request additional financial information, please contact the Township’s Finance Department at 3 Municipal Way, Langhorne, PA 19047, (215) 750-3800.

## BASIC FINANCIAL STATEMENTS

TOWNSHIP OF MIDDLETOWN

STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 20,203,239	\$ 363,313	\$ 20,566,552
Investments	42,267,221	-	42,267,221
Receivables	3,612,541	13,178	3,625,719
Other assets	<u>250,000</u>	<u>25,000</u>	<u>275,000</u>
Total Current Assets	<u>66,333,001</u>	<u>401,491</u>	<u>66,734,492</u>
Capital Assets (net of accumulated depreciation)			
Land	8,327,435	4,010,382	12,337,817
Depreciable capital assets, net	<u>44,884,508</u>	<u>343,587</u>	<u>45,228,095</u>
Total Capital Assets (net)	<u>53,211,943</u>	<u>4,353,969</u>	<u>57,565,912</u>
Total Assets	<u>119,544,944</u>	<u>4,755,460</u>	<u>124,300,404</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Police Pension related	922,837	-	922,837
Non-Uniformed Pension related	480,906	-	480,906
OPEB related	<u>686,577</u>	<u>-</u>	<u>686,577</u>
Total Deferred Outflows of Resources	<u>2,090,320</u>	<u>-</u>	<u>2,090,320</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 121,635,264</u>	<u>\$ 4,755,460</u>	<u>\$ 126,390,724</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 668,447	\$ 240	\$ 668,687
Accrued salaries and benefits	407,891	-	407,891
Deposits and refunds	235,953	-	235,953
Due to other governments	67,956	-	67,956
Accrued interest payable	288,086	-	288,086
Bonds and notes payable, current maturity	2,020,000	-	2,020,000
Notes payable, current maturity	105,165	-	105,165
Leases payable, current maturity	24,934	-	24,934
Compensated absences, current maturity	122,161	-	122,161
Total Current Liabilities	<u>3,940,593</u>	<u>240</u>	<u>3,940,833</u>
Long-term Liabilities			
Internal advances balance	(149,364)	149,364	-
Bonds and notes payable, net of current maturity	19,352,510	-	19,352,510
Notes payable, net of current maturity	762,707	-	762,707
Leases payable, net of current maturity	34,788	-	34,788
Compensated absences, net of current maturity	2,223,355	-	2,223,355
Net pension liability	8,108,171	-	8,108,171
Other post-employment benefits liability	12,579,021	-	12,579,021
Total Long-term Liabilities	<u>42,911,188</u>	<u>149,364</u>	<u>43,060,552</u>
Total Liabilities	<u>46,851,781</u>	<u>149,604</u>	<u>47,001,385</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred revenue - special assessments	2,345	-	2,345
Unamortized deferred gain on refunding	97,378	-	97,378
Police Pension related	1,902,322	-	1,902,322
Non-Uniformed Pension related	519,411	-	519,411
OPEB related	182,878	-	182,878
Total Deferred Inflows of Resources	<u>2,704,334</u>	<u>-</u>	<u>2,704,334</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	33,800,051	4,353,969	38,154,020
Restricted for:			
Street lighting	989,741	-	989,741
Road machinery	274,634	-	274,634
Fire and ambulance	72,493	-	72,493
Police	303,550	-	303,550
Streets and highway	927,224	-	927,224
Debt service	144,155	-	144,155
Unrestricted	<u>35,567,301</u>	<u>251,887</u>	<u>35,819,188</u>
Total Net Position	<u>72,079,149</u>	<u>4,605,856</u>	<u>76,685,005</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 121,635,264</u>	<u>\$ 4,755,460</u>	<u>\$ 126,390,724</u>

The notes to the financial statements are an integral part of this statement.



TOWNSHIP OF MIDDLETOWN

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Government		Total
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$ 3,221,660	\$ 1,242,603	\$ 579,242	\$ -	\$ (1,399,815)	\$ -	\$ (1,399,815)
Public safety	25,067,666	1,353,973	641,843	280,833	(22,791,017)	-	(22,791,017)
Public works	8,180,772	4,903,726	1,465,991	101,436	(1,709,619)	-	(1,709,619)
Parks and recreation	1,621,528	156,961	31,029	304,475	(1,129,063)	-	(1,129,063)
Miscellaneous	809,851	-	-	-	(809,851)	-	(809,851)
Debt service interest	554,642	-	-	-	(554,642)	-	(554,642)
Unallocated depreciation expense	1,320,747	-	-	-	(1,320,747)	-	(1,320,747)
Total Governmental Activities	<u>40,776,866</u>	<u>7,657,263</u>	<u>2,718,105</u>	<u>686,744</u>	<u>(29,714,754)</u>	<u>-</u>	<u>(29,714,754)</u>
<b>Business - Type Activities</b>							
Country club	188,924	49,006	-	-	-	(139,918)	(139,918)
Farm fund	16,074	48,400	-	-	-	32,326	32,326
Total Business - Type Activities	<u>204,998</u>	<u>97,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,592)</u>	<u>(107,592)</u>
<b>Total Primary Government</b>	<u>\$ 40,981,864</u>	<u>\$ 7,754,669</u>	<u>\$ 2,718,105</u>	<u>\$ 686,744</u>	<u>(29,714,754)</u>	<u>(107,592)</u>	<u>(29,822,346)</u>
<b>General Revenues</b>							
Property taxes, levied for general purposes					9,141,928	-	9,141,928
Earned income tax					7,910,977	-	7,910,977
Amusement tax					282,161	-	282,161
Local services taxes					1,036,728	-	1,036,728
Mercantile tax					861,211	-	861,211
Real estate transfer tax					1,361,075	-	1,361,075
Parking transaction fee					55,343	-	55,343
Other taxes					194,351	-	194,351
Interest and rents					1,601,713	1,703	1,603,416
Miscellaneous revenues					426,308	37,703	464,011
Total General Revenues and Transfers					<u>22,871,795</u>	<u>39,406</u>	<u>22,911,201</u>
Change in Net Position					(6,842,959)	(68,186)	(6,911,145)
Net Position - Beginning					78,922,108	4,674,042	83,596,150
Net Position - Ending					<u>\$ 72,079,149</u>	<u>\$ 4,605,856</u>	<u>\$ 76,685,005</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

BALANCE SHEET -  
GOVERNMENTAL FUNDS

December 31, 2020

	<u>General</u>	<u>Investment Fund</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 6,864,705	\$ 2,200,053	\$ 7,935,172	\$ 3,203,309	\$ 20,203,239
Investments	-	42,267,221	-	-	42,267,221
Receivables	1,410,122	73,211	21,672	83,523	1,588,528
Deposit	-	250,000	-	-	250,000
Advances from other funds	-	-	-	149,364	149,364
Total Assets	<u>\$ 8,274,827</u>	<u>\$ 44,790,485</u>	<u>\$ 7,956,844</u>	<u>\$ 3,436,196</u>	<u>\$ 64,458,352</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 536,024	\$ -	\$ 57,040	\$ 75,383	\$ 668,447
Accrued salaries and benefits	407,891	-	-	-	407,891
Deposits and refunds	36,049	199,904	-	-	235,953
Due to other governments	3,720	64,236	-	-	67,956
Total Liabilities	<u>983,684</u>	<u>264,140</u>	<u>57,040</u>	<u>75,383</u>	<u>1,380,247</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	36,676	-	-	51,501	88,177
Unavailable revenue - special assessments	250,028	-	-	2,345	252,373
Total Deferred Inflows of Resources	<u>286,704</u>	<u>-</u>	<u>-</u>	<u>53,846</u>	<u>340,550</u>
<u>FUND BALANCES</u>					
Restricted:					
Street lighting	-	-	-	994,827	994,827
Road machinery	-	-	-	276,178	276,178
Fire and ambulance	-	-	-	80,997	80,997
Police	265,763	-	-	37,787	303,550
Streets and highways	-	-	-	927,224	927,224
Debt service	-	-	-	170,639	170,639
Committed:					
Culture and recreation	-	-	-	663,799	663,799
Other post employment benefits	452,282	-	-	-	452,282
Assigned:					
Operations	-	5,526,345	-	-	5,526,345
Emergency reserve	-	39,000,000	-	-	39,000,000
Capital projects	-	-	7,899,804	155,516	8,055,320
Unassigned	6,286,394	-	-	-	6,286,394
Total Fund Balances	<u>7,004,439</u>	<u>44,526,345</u>	<u>7,899,804</u>	<u>3,306,967</u>	<u>62,737,555</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,274,827</u>	<u>\$ 44,790,485</u>	<u>\$ 7,956,844</u>	<u>\$ 3,436,196</u>	<u>\$ 64,458,352</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

December 31, 2020

TOTAL GOVERNMENTAL FUND BALANCES \$ 62,737,555

Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.

Cost of capital assets	\$ 132,476,436	
Accumulated depreciation	<u>(79,264,493)</u>	53,211,943

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Property tax receivables	388,218	
Earned income tax receivables	<u>1,974,000</u>	2,362,218

Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflow of resources for Police Pension	922,837	
Deferred outflow of resources for Non-Uniformed Pension	480,906	
Deferred inflow of resources for Police Pension	(1,902,322)	
Deferred inflow of resources for Non-Uniformed Pension	(519,411)	
Deferred inflow of resources for OPEB	<u>503,699</u>	(514,291)

Long term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of the following:

Accrued interest on bonds	(288,086)	
Bonds, notes, and leases payable	(20,527,594)	
Unamortized bond premiums	(1,772,510)	
Unamortized deferred loss on refunding	(97,378)	
Compensated absences	(2,345,516)	
Net pension liability	(8,108,171)	
Other post employment benefits liability	<u>(12,579,021)</u>	<u>(45,718,276)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 72,079,149

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2020

	<u>General</u>	<u>Investment Fund</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property	\$ 3,692,230	\$ -	\$ -	\$ 5,416,542	\$ 9,108,772
Earned income	8,116,977	-	-	-	8,116,977
Amusement	282,161	-	-	-	282,161
Local service	1,036,728	-	-	-	1,036,728
Mercantile	861,211	-	-	-	861,211
Real estate transfer	1,361,075	-	-	-	1,361,075
Parking transaction	55,343	-	-	-	55,343
Per Capita	141,816	-	-	-	141,816
Mechanical devices	52,535	-	-	-	52,535
Fees, licenses and permits	1,054,477	-	40,835	-	1,095,312
Fines and forfeitures	117,897	-	-	-	117,897
Investment income and rent	132,374	970,160	36,902	21,917	1,161,353
Intergovernmental revenues	968,631	-	686,745	1,663,445	3,318,821
Charges for services	6,231,565	-	-	156,961	6,388,526
Contributions private sources	55,000	-	-	11,050	66,050
Gain (loss) on investments	-	440,056	-	-	440,056
Other	420,367	1,241	19,979	4,700	446,287
Total Revenues	<u>24,580,387</u>	<u>1,411,457</u>	<u>784,461</u>	<u>7,274,615</u>	<u>34,050,920</u>
<b>Expenditures</b>					
Current:					
General government	2,675,556	42,815	-	-	2,718,371
Public safety	16,585,719	-	-	1,440,229	18,025,948
Public works	6,351,022	-	-	1,195,999	7,547,021
Parks and recreation	-	-	-	1,192,850	1,192,850
Miscellaneous	809,851	-	-	-	809,851
Debt service:					
Principal	15,254	-	12,605	2,217,174	2,245,033
Interest	3,556	-	1,790	604,266	609,612
Paid to fiscal agent	-	-	-	780	780
Capital outlay/development	-	-	2,806,864	-	2,806,864
Total Expenditures	<u>26,440,958</u>	<u>42,815</u>	<u>2,821,259</u>	<u>6,651,298</u>	<u>35,956,330</u>
<b>Excess (Deficiency) of Revenues</b>					
Over Expenditures	<u>(1,860,571)</u>	<u>1,368,642</u>	<u>(2,036,798)</u>	<u>623,317</u>	<u>(1,905,410)</u>
<b>Other Financing Sources (Uses)</b>					
Refunding bonds	-	-	13,895,000	-	13,895,000
Bond premiums and discounts	-	-	1,612,345	-	1,612,345
Payment to refunded bond escrow agent	-	-	(12,444,183)	-	(12,444,183)
Transfers in	-	-	-	157,200	157,200
Transfers out	(30,000)	-	-	(127,200)	(157,200)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>-</u>	<u>3,063,162</u>	<u>30,000</u>	<u>3,063,162</u>
Net Change in Fund Balance	(1,890,571)	1,368,642	1,026,364	653,317	1,157,752
Fund Balance - Beginning	<u>8,895,010</u>	<u>43,157,703</u>	<u>6,873,440</u>	<u>2,653,650</u>	<u>61,579,803</u>
Fund Balance - Ending	<u>\$ 7,004,439</u>	<u>\$ 44,526,345</u>	<u>\$ 7,899,804</u>	<u>\$ 3,306,967</u>	<u>\$ 62,737,555</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,157,752

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,364,851	
Depreciation expense	<u>(3,265,605)</u>	(900,754)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (117,316)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long term bonds	(13,895,000)	
Premiums and discounts on bonds issued	(1,612,345)	
Bonds refunded	12,355,000	
Amortization of premiums, discounts, and losses	216,975	
Repayment of debt	<u>2,244,970</u>	(690,400)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(218,496)	
Net pension liability and deferred items	197,860	
Other postemployment benefits liability	(6,284,850)	
Interest expense	<u>13,245</u>	<u>(6,292,241)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (6,842,959)

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

GENERAL FUND

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

For the Year Ended December 31, 2020

Revenues	GENERAL FUND			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Property	\$ 3,755,000	\$ 3,755,000	\$ 3,692,230	\$ (62,770)
Earned income	7,850,000	7,850,000	8,116,977	266,977
Amusement	1,392,000	1,392,000	282,161	(1,109,839)
Local service	1,089,000	1,089,000	1,036,728	(52,272)
Mercantile	1,175,000	1,175,000	861,211	(313,789)
Real estate transfer	1,600,000	1,600,000	1,361,075	(238,925)
Parking transaction	250,000	250,000	55,343	(194,657)
Per Capita	138,000	138,000	141,816	3,816
Mechanical devices	43,000	43,000	52,535	9,535
Fees, licenses and permits	1,148,000	1,148,000	1,054,477	(93,523)
Investment income and rent	155,500	155,500	132,374	(23,126)
Intergovernmental revenues	883,000	883,000	968,631	85,631
Fines and forfeitures	124,000	124,000	117,897	(6,103)
Charges for services	6,658,466	6,658,466	6,231,565	(426,901)
Contributions private sources	1,000	1,000	55,000	54,000
Other	1,000	1,000	420,367	419,367
Total Revenues	<u>26,262,966</u>	<u>26,262,966</u>	<u>24,580,387</u>	<u>(1,682,579)</u>
Expenditures				
Current:				
General government	2,470,250	2,470,250	2,675,556	(205,306)
Public safety	16,451,550	16,451,550	16,585,719	(134,169)
Public works	6,313,865	6,313,865	6,351,022	(37,157)
Parks and recreation	5,000	5,000	-	5,000
Miscellaneous	1,162,000	1,162,000	809,851	352,149
Debt service:				
Principal	-	-	15,254	(15,254)
Interest	-	-	3,556	(3,556)
Total Expenditures	<u>26,402,665</u>	<u>26,402,665</u>	<u>26,440,958</u>	<u>(38,293)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(139,699)</u>	<u>(139,699)</u>	<u>(1,860,571)</u>	<u>(1,720,872)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	5,000	5,000	-	(5,000)
Transfers in	250,000	250,000	-	(250,000)
Transfers out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>(30,000)</u>	<u>(255,000)</u>
Net Change in Fund Balance	85,301	85,301	(1,890,571)	(1,975,872)
Fund Balance - Beginning	8,895,010	8,895,010	8,895,010	-
Fund Balance - Ending	<u>\$ 8,980,311</u>	<u>\$ 8,980,311</u>	<u>\$ 7,004,439</u>	<u>\$ (1,975,872)</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

INVESTMENT FUND

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

For the Year Ended December 31, 2020

	<u>INVESTMENT FUND</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income and rent	\$ 875,000	\$ 875,000	\$ 970,160	\$ 95,160
Gain (loss) on investments	-	-	440,056	440,056
Miscellaneous	-	-	1,241	1,241
Total Revenues	<u>875,000</u>	<u>875,000</u>	<u>1,411,457</u>	<u>536,457</u>
Expenditures				
Current:				
General government	40,000	40,000	42,815	(2,815)
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>42,815</u>	<u>(2,815)</u>
Net Change in Fund Balance	835,000	835,000	1,368,642	533,642
Fund Balance - Beginning	<u>43,157,703</u>	<u>43,157,703</u>	<u>43,157,703</u>	-
Fund Balance - Ending	<u>\$ 43,992,703</u>	<u>\$ 43,992,703</u>	<u>\$ 44,526,345</u>	<u>\$ 533,642</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2020

	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 131,897	\$ 231,416	\$ 363,313
Accounts receivable	-	13,178	13,178
Other assets	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Current Assets	<u>156,897</u>	<u>244,594</u>	<u>401,491</u>
Capital Assets (net of accumulated depreciation)			
Land	1,803,439	2,206,943	4,010,382
Depreciable capital assets, net	<u>201,568</u>	<u>142,019</u>	<u>343,587</u>
Total capital assets (net)	<u>2,005,007</u>	<u>2,348,962</u>	<u>4,353,969</u>
Total Assets	<u>\$ 2,161,904</u>	<u>\$ 2,593,556</u>	<u>\$ 4,755,460</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 240</u>
Noncurrent			
Advances to other funds	<u>-</u>	<u>149,364</u>	<u>149,364</u>
Total Liabilities	<u>-</u>	<u>149,604</u>	<u>149,604</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,005,007	2,348,962	4,353,969
Unrestricted	<u>156,897</u>	<u>94,990</u>	<u>251,887</u>
Total Net Position	<u>2,161,904</u>	<u>2,443,952</u>	<u>4,605,856</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,161,904</u>	<u>\$ 2,593,556</u>	<u>\$ 4,755,460</u>

The notes to the financial statements are an integral part of this statement.



TOWNSHIP OF MIDDLETOWN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services			
Licensing fees	\$ 49,006	\$ 40,000	\$ 89,006
Rent	-	8,400	8,400
Total Operating Revenues	<u>49,006</u>	<u>48,400</u>	<u>97,406</u>
Operating Expenses			
Park and recreation	140,458	7,106	147,564
Depreciation	<u>48,466</u>	<u>8,968</u>	<u>57,434</u>
Total Operating Expenses	<u>188,924</u>	<u>16,074</u>	<u>204,998</u>
Operating Income (Loss)	<u>(139,918)</u>	<u>32,326</u>	<u>(107,592)</u>
Nonoperating Revenues (Expense)			
Interest income	847	856	1,703
Refunds	-	<u>37,703</u>	<u>37,703</u>
Total Nonoperating Revenues (Expense)	<u>847</u>	<u>38,559</u>	<u>39,406</u>
Changes in Net Position	(139,071)	70,885	(68,186)
Total Net Position - Beginning	<u>2,300,975</u>	<u>2,373,067</u>	<u>4,674,042</u>
Total Net Position - Ending	<u>\$ 2,161,904</u>	<u>\$ 2,443,952</u>	<u>\$ 4,605,856</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	<u>Proprietary Fund Types</u>		
	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 49,006	\$ 36,589	\$ 85,595
Cash paid to suppliers	(152,707)	(44,569)	(197,276)
Refunds	-	37,703	37,703
Net cash provided by (used in) operating activities	<u>(103,701)</u>	<u>29,723</u>	<u>(73,978)</u>
Cash flows from investing activities			
Earnings on investments	847	856	1,703
Net cash provided by (used in) investing activities	<u>847</u>	<u>856</u>	<u>1,703</u>
Net increase (decrease) in cash and cash equivalents	(102,854)	30,579	(72,275)
Beginning cash and cash equivalents	<u>234,751</u>	<u>200,837</u>	<u>435,588</u>
Ending cash and cash equivalents	<u>\$ 131,897</u>	<u>\$ 231,416</u>	<u>\$ 363,313</u>

**Reconciliation of Net Operating Income (Loss)  
to Net Cash Provided (Used) by Operating Activities**

Net operating income (loss)	\$ (139,918)	\$ 32,326	\$ (107,592)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities			
Depreciation	48,466	8,968	57,434
Refunds	-	37,703	37,703
Changes in assets and liabilities			
(Increase) decrease in receivables	-	(11,811)	(11,811)
Increase (decrease) in payables	1	(37,463)	(37,462)
Increase (decrease) in deferred revenues	(12,250)	-	(12,250)
Net adjustments	<u>36,217</u>	<u>(2,603)</u>	<u>33,614</u>
Cash provided (used) by operating activities	<u>\$ (103,701)</u>	<u>\$ 29,723</u>	<u>\$ (73,978)</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

December 31, 2020

	<u>Pension</u> <u>Trust Funds</u>	<u>Agency</u> <u>Funds</u> <u>Township</u> <u>Escrow</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 8,745,079	\$ 1,245,047
Prepaid expenses	235,391	-
Receivables:		
Contributions receivable	-	-
Accrued interest	122,303	-
Other receivables	<u>13,402</u>	<u>-</u>
Total Receivables	<u>135,705</u>	<u>-</u>
Investments, at fair value:		
U.S. government obligations	4,767,705	-
Government sponsored mortgages	2,318,338	-
Corporate obligations	5,202,384	-
Municipal obligations	3,827,856	-
Mortgages	2,484,642	-
Mutual funds-equity	808,700	-
Mutual funds-debt	2,322,259	-
Stock equities	33,080,474	-
Foreign obligations	567,720	-
Real estate securities	<u>14,591</u>	<u>-</u>
Total investments	<u>55,394,669</u>	<u>-</u>
Total Assets	<u>\$ 64,510,844</u>	<u>\$ 1,245,047</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 96,564	\$ 400
Deposits and refunds	-	902,998
Other liabilities	<u>-</u>	<u>341,649</u>
Total Liabilities	<u>96,564</u>	<u>1,245,047</u>
<u>NET POSITION</u>		
Net Position - Restricted for:		
Pension benefits	<u>64,414,280</u>	<u>-</u>
Total Net Position	<u>\$ 64,414,280</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2020

	<u>Pension</u> <u>Trust Funds</u>
Additions	
Contributions	
Employee contributions	\$ 549,548
Employer contributions	3,099,771
State aid	<u>728,727</u>
Total Contributions	<u>4,378,046</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	5,910,216
Interest and dividend income	<u>1,014,792</u>
Total investment earnings	<u>6,925,008</u>
Total Additions	<u>11,303,054</u>
Deductions	
Benefits	3,032,932
Administrative expenses	<u>417,431</u>
Total Deductions	<u>3,450,363</u>
Change in Net Position	7,852,691
Net Position - Restricted for Pension Benefits:	
Beginning of Year	<u>56,561,589</u>
End of Year	<u>\$ 64,414,280</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies**

**Nature of Entity**

Middletown Township, County of Bucks, Commonwealth of Pennsylvania, (the "Township") was founded in 1792. The Township is a second class township and is governed by an elected board of five supervisors and a board-appointed Township Manager. Middletown covers approximately 19.017 square miles in Lower Bucks County and has a population of 44,141, per the 2000 U.S. Census.

Middletown Township provides a full range of municipal services. These services include police protection, fire protection, park and recreation activities, highway maintenance and reconstruction operations, solid waste collection, and general administrative services. The major accounting principles and practices followed by the Township are presented to assist the reader in understanding the financial statements and accompanying notes to financial statements. The accounting principles and practices and format of the financial statements are presented in conformity with accounting principles generally accepted in the United States, as applicable to governmental units.

In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if the organization is fiscally dependent on the Township. Based on the aforementioned criteria, there were no entities which were considered for inclusion in the reporting entity.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services which report fees and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Fund financial statements are provided for governmental funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate column in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Township are prepared in accordance with accounting principles generally accepted in the United States of America. The Township's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

The government-wide statements report using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements and any agency funds reported have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues, net of any uncollectible amounts, are recognized in the year for which they are levied while grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Property taxes levied but collected beyond 30 days after year-end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a 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. General capital asset acquisitions are reported as expenditures in governmental funds.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Basis of Presentation - Fund Accounting and Measurement Focus**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is a description of the fund types used by the Township in the accompanying basic financial statements.

**Governmental Fund Types**

Governmental Funds are those through which the majority of governmental functions of the Township are financed. The acquisition, use and balances of the expendable financial resources and the related liabilities (except those accounted for in the Proprietary Funds) are accounted for through Governmental Funds. The government 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 *Investment Fund* is used to account for the revenue derived from the sale of the water and sewer operations, the principal investment from the proceeds of \$39,000,000 is committed by the Board of Supervisors for use in a state of emergency.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

The *Capital Reserve Fund* is maintained for anticipated capital expenditures. The monies accumulated in this fund are expended at the discretion of the Board of Supervisors for purposes involving the construction, purchase, lease to own, or replacement of or addition to municipal buildings, equipment, land, recreation facilities, parks, playgrounds, machinery, motor vehicles, infrastructure, or other capital assets or capital improvements. These expenditures are financed by the transportation and recreation impact fees paid by developers, as well as proceeds from the nonresidential building permit privilege tax.

*Special Revenue Funds* - These funds account for revenues derived from real estate taxes or other specific revenue sources, including state liquid fuels tax, federal and state grants, program fees and assessments that are legally restricted to expenditures for specific purposes. The Fund reported as major funds in this category is the Investment Fund. The remaining funds are classified as non-major funds in the balance sheet of governmental funds. Funds included in this category are:

General Street Lighting Fund	Fire Protection Fund
Parks and Recreation Fund	Ambulance and Rescue Squad
Road Machinery Fund	Fire Hydrant Fund
Police Forfeiture Fund	State Highway Aid Fund

*Capital Projects Funds* - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds). The Funds reported as major funds in this category are the Community Development Fund and the Capital Reserve Fund. The remaining funds are classified as non-major funds in the balance sheet of governmental funds. Funds included in this category are:

Curb/Road Revolving Fund	Contingency Fund
--------------------------	------------------

*Debt Service Fund* – This fund is used to account for the accumulation of resources for the payment of principal and interest on certain long-term and short-term debt. The principal source of revenue is real estate taxes.



TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Proprietary Fund Types**

*Enterprise Funds* - These funds are used to account for operations: (a) that are financed and operated in a manner similar to private business where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, long-term debt obligation, management control, accountability or other purposes. The government reports the following major proprietary funds:

The *Country Club Fund* is used to account for the investment in assets and the revenue derived from the operations of the Middletown Country Club currently managed under license agreement with Agro Golf.

The *Farm Fund* is used to account for account for the investment in assets and the revenue derived from the operations of Styer's Farm, and Styer's Store currently managed and operated under separate agreements with Styers Orchard, Inc, and Styers Farm Store, Inc.

**Fiduciary Funds**

*Trust and Agency Funds* - are used to account for assets held by the Township in a trustee or agent capacity for individuals, private organizations, other governments and/or other funds.

*Pension Trust Funds* - These funds are used to account for resources required to be held in trust for the members and beneficiaries of the Township's defined benefit pension plans. Funds included in this category are:

Non-Uniformed Pension Plan  
Police Pension Plan

*Agency Funds* - This fund is used to account for subdivision/land development, shade tree, water/sewer, and all other types of escrows held by the Township in a custodial capacity. The fund included in this category is: Township Escrows.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

Major revenue sources susceptible to accrual include: property taxes, interest earnings, special assessments, levies, intergovernmental revenues and charges for services. In general, other revenues are recognized when cash is received. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges for services, consisting of licensing fees and rent. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition classified as nonoperating in the financial statements.

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 needed.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Budgetary Accounting Controls**

In accordance with provisions of Public Law of the Commonwealth of Pennsylvania, commonly known as the Second Class Township Code, the Township prepares and adopts a budget on or before December 31 for the following calendar year for all funds. The Code requires that budgets be legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The appropriated budgets are prepared by fund, function, and department. The legal level of budgetary control is at the fund level.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Expenditures cannot legally exceed the appropriations established in the budget. All annual appropriations lapse at year-end and must be re-appropriated. In accordance with state regulations, the Board of Supervisors, by resolution, may make supplemental budgetary appropriations from additional revenues and/or unexpended funds appropriated but not spent in prior years and/or from budget transfers. During the year, the Township did not materially amend the budget in such a manner that would require disclosure.

The Township prepares a flexible budget for the Proprietary Funds. The flexible budget does not provide a basis for appropriations but rather serves as an approved plan that can facilitate budgetary control and operational evaluations.

*Excess of expenditures over appropriations:* For the year ended December 31, 2020, expenditures exceeded budget in the General Fund in all categories, except for parks and recreation and miscellaneous, in the total amount of \$38,293. The excess expenditures were funded by greater than anticipated revenues and fund balance.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures expenses during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents and Investments**

The Township considers all highly liquid investments with maturities of 90 days or less from the date of purchase to be cash equivalents. All investments of the Township are stated at fair value.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Receivables**

Real estate tax receivables are recorded at face (original levy) and do not include penalty and interest. The taxes are recognized when levied to the extent that they are available as current assets. Real estate taxes are levied March 1. An elected tax collector bills and collects all real estate taxes and remits them to the Township. Taxes unpaid in the current year are lienied January 15 of the succeeding year. Taxes are paid as follows: two percent (2%) discount, March 1 through April 30; face amount, May 1 through June 30; and a ten percent (10%) penalty thereafter.

Millage rates approved in the 2020 budget:

	<u>Mills</u>
General Fund	7.1250
Highway Lighting	0.9880
Fire Protection	1.5450
Park and Recreation	1.9200
Ambulance and Rescue	0.4400
Debt Service	5.1450
Fire Hydrant	0.1070
Road Machinery	<u>0.3000</u>
	<u>17.5700</u>

Assessment receivables for streetlights and solid waste collection are recognized when billed. The elected tax collector bills all current year assessments for streetlights and solid waste. The collection of all delinquent assessments is the responsibility of the Township. No discounts are given on assessments.

Accounts receivable includes all invoices owed by other governments, individuals and private enterprises for services rendered and/or materials supplied. Revenue is recognized when the invoice is prepared.

**Capital Assets and Depreciation**

The Township's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Township generally capitalizes assets with a cost of \$5,000 or more as purchases and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are generally as follows:

Land improvements	20 years
Buildings and building improvements	50 years
Machinery, furniture, and equipment	5-20 years
Infrastructure	15-50 years

**Accrued Salaries and Wages**

Accrued salaries and wages are recorded based on wages earned in the current year, paid in the next year, including related employee benefits.

**Long-Term Debt, Deferred Debt Expense and Bond Discounts/Premiums**

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the term of the respective bonds using the straight line method. Bond issuance costs are expensed in the year of issue. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Compensated Absences**

It is the Township' policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Non-Uniformed and DPW employees are granted 14 days and 17 days sick leave per year, respectively, with an accumulation of unused sick leave of 205 days. With 5 years' service, non-uniformed and DPW employees are paid for up to a maximum of 50 percent of their accumulated unused sick leave to a maximum of 30 days upon termination, or 55 days upon retirement. All police officers are entitled to 50 days severance pay at retirement with 10 years' service.

Any liability is accrued in the government-wide and proprietary 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.

General fund resources are used to liquidate the liability for compensated absences.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Other Post Employment Benefits (“OPEB”) Other than Pensions**

The Township provides post employment benefits other than pensions for police officers. A liability for the amount is reported in the government-wide financial statements based on an actuarial valuation.

**Net Position**

In the government-wide financial statements, net position is classified in the following categories:

**Net investment in capital assets** - This category groups all capital assets, including infrastructure, into one component of Net Position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

**Restricted net position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** - This category represents net position of the entity, not restricted for any project or other purpose.

**Fund Balance**

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Nonspendable Fund Balance** - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance** - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Committed Fund Balance** - includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution).

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Assigned Fund Balance** - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Board of Supervisors, has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Emergency Reserve - by Board Resolution, the Investment Fund principal of \$39,000,000 is held in reserve and not available for normal expenditure in annual budgets or to supplement normal and ordinary budgetary operational and capital expenditures.

**Unassigned Fund Balance** - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

**Interfund Transfers**

In connection with its operations, the Township affects a variety of transactions among funds to finance operations. The basic financial statements reflect such transactions as transfers, both in the fund receiving the subsidy as revenue and the fund paying the subsidy as an expenditure.

**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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources (continued)**

The Township has the following items that qualify for reporting in this category:

1. *Differences between expected and actual experience on pension plan and OPEB liability* are reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.
2. *Change in assumptions* is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five-year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following types of items that qualify for reporting in this category:

1. *Unamortized deferred gain on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
2. *Differences between expected and actual experience on pension plan and OPEB liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
3. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.



TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**A. Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources (continued)**

4. *Deferred revenue -special assessments* is reported in the government-wide statement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
5. *Unavailable revenue - property taxes, Unavailable revenue – special assessments* are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Subsequent Events**

Management has evaluated subsequent events that occurred after the balance sheet date but before the date the financial statements were available for release. No amounts were recorded or disclosed.

**B. Deposits and Investments**

The Township has several checking accounts. However, most checks are disbursed from two concentration accounts. Although the monies from several funds are combined in each concentration account, separate records are maintained for cash balances to show the portion of the concentration account belonging to each fund. Under Section 3204(d) of the Second Class Township Code of the Commonwealth of Pennsylvania, the Township is authorized to invest its funds in the following:

- United States Treasury bills. Short-term obligations of the United States Government or its agencies or instrumentalities. Section 3204(d)(2).
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation, or their successor agencies, to the extent that the accounts are so insured and, for any amounts above the insured maximum, if approved, collateral therefore, is pledged by the depository. Section 3204(d)(3).

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**B. Deposits and Investments (Continued)**

- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. Section 3204(d)(4).
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in authorized investments for Township funds listed above. Section 3204(d)(5).
- Certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Pennsylvania Deposit Insurance Corporation, the Pennsylvania Savings Association Insurance Corporation or their successor agencies to the extent that such accounts are so insured; however, for any amounts above the insured maximum, such certificates of deposit shall be collateralized by a pledge or assignment of assets of the institution, and such collateral may include loans (including interest in pools of loans) secured by first mortgage liens on real property. Certificates of Deposit purchased from commercial banks shall be limited to an amount equal to twenty percent of a bank's total capital and surplus. Certificates of deposit purchased from savings and loan associations or savings banks shall be limited to an amount equal to twenty percent of an institution's assets minus liabilities. Section 3204(d)(6).
- Any investments authorized by 20 Pa.C.S. Ch.73 (relating to fiduciaries investments) are authorized investments for pension and retirement funds. Section 3204(d)(7). The board of supervisors may permit assets pledged as collateral under Subsection (d)(3) relating to deposits in savings accounts or time deposits, to be pooled in accordance with the Act of August 6, 1971 (P.L. 281, No. 72).

*Fair Value Measurements* - The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs that include quoted prices for similar assets in active markets and inputs that are observable for the asset, either directly, or indirectly, for substantially the full term of the financial instrument. Fair values of these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows; Level 3 inputs are significant unobservable inputs, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**B. Deposits and Investments (Continued)**

The Township has the following recurring fair value measurements as of December 31, 2020:

GOVERNMENTAL ACTIVITIES	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Maturity (Years)</u>
Externally Pooled Investments (PLGIT)	\$ 11,607,747	\$ -	\$ 11,607,747	2.18
PA Treasury Invest Community Pool	12,764	-	12,764	0
U.S. Government Obligations	34,558,241	34,558,241	-	6.77
Foreign Obligations	4,192,815	4,192,815	-	0.37
Certificates of Deposit	1,767,475	1,767,475	-	0.13
Commercial Paper	<u>1,748,690</u>	<u>1,748,690</u>	<u>-</u>	1.00
	<u>\$ 53,887,732</u>	<u>\$ 42,267,221</u>	<u>\$ 11,620,511</u>	
FIDUCIARY FUNDS				
U.S. Government Obligations	\$ 4,767,705	\$ 4,767,705	\$ -	5.01
Government Sponsored Mortgages	2,318,338	2,318,338	-	25.80
Corporate Obligations	5,202,384	5,202,384	-	13.67
Municipal Obligations	3,827,856	3,827,856	-	3.81
Mortgages	2,484,642	2,484,642	-	23.41
Mutual Funds-Equity	808,700	808,700	-	Not applicable
Mutual Funds-Debt	2,322,259	2,322,259	-	Not applicable
Stock Equities	33,080,474	33,080,474	-	Not applicable
Foreign Obligations	567,720	567,720	-	5.04
Real Estate Securities	<u>14,591</u>	<u>14,591</u>	<u>-</u>	Not applicable
	<u>\$ 55,394,669</u>	<u>\$ 55,394,669</u>	<u>\$ -</u>	

*Custodial Credit Risk-Deposits* - 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. For disclosure purposes, deposits include checking, savings, demand and time deposits, and money market accounts at financial institutions. As of December 31, 2020, the Township's bank balance was \$22,036,360. Of that balance, \$9,846,492 was exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

*Investment Pool* - The Township has carrying deposits in external investment pools, held with PLGIT Bank and PA Treasury Invest. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. Pool amounts are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**B. Deposits and Investments (Continued)**

*Investment Pool (Continued)* - The Township can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

*Custodial Credit Risk-Investments* - For an investment, this 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 securities that are in the possession of an outside party. The risk of default is eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed above.

*Credit Risk* - is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Township complies with the provisions of the Pennsylvania Second Class Township Code, 53 P.S. 68204 related to the types of investments permitted for Township funds. Also, the Township pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the Township does business with related to investment decisions. The investment portfolio is diversified so that potential losses on individual securities will be minimized. The ratings for investments are as follows:

	<u>Fair Value</u>	<u>S&amp;P Rating</u>		<u>Moody's Rating</u>		
		AAA	Aaa-A3	Baa1-B3	Not rated	
<b>GOVERNMENTAL ACTIVITIES</b>						
Externally Pooled Investments (PLGIT)	\$ 11,607,747	\$ 11,607,747	\$ -	\$ -	\$ -	
PA Treasury Invest Community Pool	12,764	12,764	-	-	-	
U.S. Government Obligations	34,558,241	-	24,052,975	-	10,505,266	
Foreign Obligations	4,192,815	-	4,192,815	-	-	
	<u>\$ 50,371,567</u>	<u>\$ 11,620,511</u>	<u>\$ 28,245,790</u>	<u>\$ -</u>	<u>\$ 10,505,266</u>	
<b>FIDUCIARY FUNDS</b>						
Government Sponsored Mortgages	\$ 2,318,338	\$ -	\$ -	\$ -	\$ 2,318,338	
Corporate Obligations	5,202,384	-	2,035,638	3,166,746	-	
Municipal Obligations	3,827,856	-	3,775,367	-	52,489	
Mortgages	2,484,642	-	2,484,642	-	-	
Foreign Obligations	567,720	-	567,720	-	-	
	<u>\$ 14,400,940</u>	<u>\$ -</u>	<u>\$ 8,863,367</u>	<u>\$ 3,166,746</u>	<u>\$ 2,370,827</u>	

*Concentration of Credit Risk* - is the concentration of investments in anyone single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Township's policy is to diversify the investment portfolio by security type and institution. No more than 50% of the Township's total investment portfolio managed by one investment manager will be invested in a single security type or with a single financial institution with the exception of US. Treasury Securities and authorized pools. At December 31, 2020, the Township had 2 bond investments that individually each exceeded 5% of the total investments.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**B. Deposits and Investments (Continued)**

*Foreign Current Risk* – all investments are denominated in U.S. dollars.

*Interest Rate Risk* - is the risk that changes in interest rates will adversely affect an investment's value. In accordance with its investment policy, the Township invests operating funds primarily in short-term securities, money market mutual funds or similar investments. Also, the Township structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The weighted average maturities are disclosed in the chart on the previous page.

***Escrow cash deposits and investments***

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2020, \$1,245,047 represents the balance of these monies held in escrow.

**C. Receivables**

Amounts are aggregated into a single account receivable line for certain funds and aggregated columns. Below is the detail of receivables as of year end for the government's individual major funds and non major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	Investment <u>Fund</u>	Capital <u>Reserve</u>	Farm <u>Fund</u>	Pension Trust <u>Funds</u>	Nonmajor and Other <u>Funds</u>	<u>Total</u>
Receivables:							
Taxes receivable	\$ 810,012	\$ -	\$ -	\$ -	\$ -	\$ 53,766	\$ 863,778
Special assessment	72,942	-	-	-	-	-	72,942
Accounts receivable	527,168	-	21,672	13,178	-	29,757	591,775
Accrued interest	-	73,211	-	-	122,303	-	195,514
Other receivables	-	-	-	-	13,402	-	13,402
Total Receivables	<u>\$ 1,410,122</u>	<u>\$ 73,211</u>	<u>\$ 21,672</u>	<u>\$ 13,178</u>	<u>\$ 135,705</u>	<u>\$ 83,523</u>	<u>\$ 1,737,411</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,327,435	\$ -	\$ -	\$ 8,327,435
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>8,327,435</u>	<u>-</u>	<u>-</u>	<u>8,327,435</u>
Capital assets, being depreciated:				
Land improvements	7,428,619	52,978	-	7,481,597
Building and building improvements	20,794,308	203,695	-	20,998,003
Machinery and equipment	13,104,929	550,139	-	13,655,068
Infrastructure	<u>80,456,294</u>	<u>1,558,039</u>	<u>-</u>	<u>82,014,333</u>
Total capital assets being depreciated	<u>121,784,150</u>	<u>2,364,851</u>	<u>-</u>	<u>124,149,001</u>
Less accumulated depreciation for:				
Land improvements	4,682,750	257,227	-	4,939,977
Building and building improvements	7,306,956	429,875	-	7,736,831
Machinery and equipment	9,313,081	825,571	-	10,138,652
Infrastructure	<u>54,696,101</u>	<u>1,752,932</u>	<u>-</u>	<u>56,449,033</u>
Total accumulated depreciation	<u>75,998,888</u>	<u>3,265,605</u>	<u>-</u>	<u>79,264,493</u>
Total capital assets, being depreciated, net	<u>45,785,262</u>	<u>(900,754)</u>	<u>-</u>	<u>44,884,508</u>
Governmental activities capital assets, net	<u>\$ 54,112,697</u>	<u>\$ (900,754)</u>	<u>\$ -</u>	<u>\$ 53,211,943</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,355,000	\$ -	\$ -	\$ 3,355,000
Total capital assets, not being depreciated	<u>3,355,000</u>	<u>-</u>	<u>-</u>	<u>3,355,000</u>
Capital assets, being depreciated:				
Land improvements	655,382	-	-	655,382
Building and building improvements	1,562,765	-	-	1,562,765
Furniture and equipment	<u>691,199</u>	<u>-</u>	<u>-</u>	<u>691,199</u>
Total capital assets being depreciated	<u>2,909,346</u>	<u>-</u>	<u>-</u>	<u>2,909,346</u>
Less accumulated depreciation for:				
Land improvements	586,224	19,576	-	605,800
Building and building improvements	597,179	33,902	-	631,081
Furniture and equipment	<u>669,540</u>	<u>3,956</u>	<u>-</u>	<u>673,496</u>
Total accumulated depreciation	<u>1,852,943</u>	<u>57,434</u>	<u>-</u>	<u>1,910,377</u>
Total capital assets, being depreciated, net	<u>1,056,403</u>	<u>(57,434)</u>	<u>-</u>	<u>998,969</u>
Business-type activities capital assets, net	<u>\$ 4,411,403</u>	<u>\$ (57,434)</u>	<u>\$ -</u>	<u>\$ 4,353,969</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**D. Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 285,373
Public safety	542,094
Public works	819,570
Parks and recreation	<u>297,821</u>
Subtotal	1,944,858
Unallocated expense	<u>1,320,747</u>
Total depreciation expense-governmental activities	<u>\$ 3,265,605</u>
Business-type activities:	
Country club	\$ 48,466
Farm fund	<u>8,968</u>
Total depreciation expense-business-type activities	<u>\$ 57,434</u>

**E. Bond and Other Long-Term Debt**

*General Obligation Bonds, Series 2020*

In 2020, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$13,895,000 to currently refund the Township's G.O. bond Series 2012 and 2014, to pay for capital projects, and to pay the costs of issuing the bonds. The refunding resulted in a gain of defeasance of \$142,961, a cash flow savings of \$416,667 over the life of the new debt, and an economic present value gain of \$403,607. The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 2.00% to 5.00%. Principal and interest payments will be made until maturity in 2029 as follows:

Year Ending December 31	Principal	Interest	Total
2021	\$ 1,440,000	\$ 511,850	\$ 1,951,850
2022	1,510,000	439,850	1,949,850
2023	1,580,000	364,350	1,944,350
2024	1,660,000	285,350	1,945,350
2025	795,000	202,350	997,350
2026-2029	<u>5,385,000</u>	<u>387,600</u>	<u>5,772,600</u>
Total	<u>\$ 12,370,000</u>	<u>\$ 2,191,350</u>	<u>\$ 14,561,350</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**E. Bond and Other Long-Term Debt (Continued)**

*General Obligation Bonds, Series 2016*

In 2016, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$9,490,000 to currently refund the Township's G.O. bond Series 2011, to pay for capital projects, and to pay the costs of issuing the bonds. The bonded debt is comprised of serially numbered bonds. Interest is payable February 15 and August 15 until maturity. Interest rates range from 2.00% to 5.00%. Principal and interest payments will be made until maturity in 2029 as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 580,000	\$ 361,500	\$ 941,500
2022	610,000	133,000	743,000
2023	630,000	120,800	750,800
2024	640,000	108,200	748,200
2025	1,600,000	95,400	1,695,400
2026-2027	<u>3,170,000</u>	<u>84,500</u>	<u>3,254,500</u>
Total	<u>\$ 7,230,000</u>	<u>\$ 903,400</u>	<u>\$ 8,133,400</u>

*General Obligation Bonds, Series 2014*

In June of 2014, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$9,820,000 to currently refund the Township's G.O. bond Series 2009, to pay for capital projects, and to pay the costs of issuing the bonds. The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 2.00% to 4.00%. This bond was refunded in 2020. As a result, the refunded debt is considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets.

*General Obligation Bonds, Series 2012*

In November of 2012, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$8,925,000 to currently refund the Township's G.O. bond Series 2008 and to pay the costs of issuing the bonds. The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 1.00% to 4.00%. This bond was refunded in 2020. As a result, the refunded debt is considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets.



TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**E. Bond and Other Long-Term Debt (Continued)**

*Defeased Debt*

The Township has prior series bonds which are considered to be defeased, since all future debt service payments on these bonds will be paid from an irrevocable trust by an escrow agent. The trust invests exclusively in government securities. At December 31, 2020, the balance outstanding for the General Obligation Bond, Series 2011, 2012, and 2014 that was advanced refunded and defeased was \$14,630,000.

*LED Note*

In 2018, Middletown Township obtained a \$1,306,448 draw-down note to purchase LED street lights for the Township. In 2019, an additional \$189,800 was drawn down. The note is payable in monthly installments based on a twelve-year repayment schedule, with interest of 2.6%. A schedule of the Township's debt service requirements are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 105,165	\$ 24,243	\$ 129,408
2022	108,310	19,219	127,529
2023	111,548	17,859	129,407
2024	114,884	14,524	129,408
2025	118,319	11,089	129,408
2026-2028	<u>309,646</u>	<u>14,364</u>	<u>324,010</u>
Total	<u>\$ 867,872</u>	<u>\$ 101,298</u>	<u>\$ 969,170</u>

*Capital Leases*

The assets acquired through capital leases are as follows:

	<u>Governmental</u> <u>Activities</u>
Asset:	
Machinery and equipment	\$ 139,146
Less: Accumulated depreciation	<u>(85,743)</u>
Total	<u>\$ 53,403</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**E. Bond and Other Long-Term Debt (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

	Governmental Activities
Year Ending December 31,	
2021	\$ 24,934
2022	16,938
2023	17,850
Total minimum lease payments	59,722
Less: amount representing interest	(5,780)
Present value of minimum lease payments	\$ 53,942

*Long-Term Liabilities Summary*

The following is a summary of the Township's long-term liabilities:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable					
G.O. Bonds 2012	\$ 6,350,000	\$ -	\$ (6,350,000)	\$ -	\$ -
G.O. Bonds 2014	6,005,000	-	(6,005,000)	-	-
G.O. Bonds 2016	7,820,000	-	(590,000)	7,230,000	580,000
G.O. Bonds 2020	-	13,895,000	(1,525,000)	12,370,000	1,440,000
Subtotal	20,175,000	13,895,000	(14,470,000)	19,600,000	2,020,000
Deferred amounts:					
For issuance premiums	544,065	1,684,738	(391,139)	1,837,664	-
For issuance discount	-	(72,393)	7,239	(65,154)	-
Total bonds payable	20,719,065	15,507,345	(14,853,900)	21,372,510	2,020,000
Notes payable	969,984	-	(102,112)	867,872	105,165
Capital leases	87,580	-	(27,858)	59,722	24,934
Compensated absences	2,127,020	241,531	(23,035)	2,345,516	122,161
Net pension liability	11,777,564	6,617,197	(10,286,590)	8,108,171	-
Net OPEB obligation	5,563,739	1,256,596	5,758,686	12,579,021	-
Governmental activity					
Long-term liabilities	\$ 41,244,952	\$ 23,622,669	\$ (19,534,809)	\$ 45,332,812	\$ 2,272,260

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences are generally liquidated by the general fund.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**E. Bond and Other Long-Term Debt (Continued)**

Annual debt service requirements to maturity for bonds, loans and notes outstanding are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2021	\$ 2,125,165	\$ 897,593
2022	2,228,310	592,069
2023	2,321,548	503,009
2024	2,414,884	408,074
2025	2,513,319	308,839
2026-2029	8,864,646	486,464
Total	\$ 20,467,872	\$ 3,196,048

**F. Middletown Country Club Lease Agreement**

The Township entered into a lease agreement on May 24, 2008, with an independent management company, Agro Golf Corporation, to operate the property which is known as the Middletown Country Club through December 31, 2023. The terms of the agreement state that the Township receives 2% of total gross receipts over \$1,500,000 but not to exceed \$3,000,000 and 4% of total gross receipts over \$3,000,000. An additional fixed rental amount of \$36,756 per year has been set, due to capital improvements to the building, to be used towards paying down debt service. The Township maintains a fund (Proprietary Fund Type: Country Club Fund) that records the general capital assets acquired at the time of purchase, the general long-term debt obligation for the purchase, the debt service payments and the revenues generated from the lease agreement. Revenue generated from this lease has been designated to repay the obligations financed. The management company is solely responsible for the day-to-day operations of the Country Club and exclusively responsible for administration of its fiscal affairs.

**G. Employee Retirement Systems**

Defined Benefit Plan Description and Membership

Middletown Township sponsors two single-employer defined benefit pension plans the Police Pension Plan and the Non-Uniformed Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2019. Details below are from the valuation.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

*Police Pension Defined Benefit Pension Plan* - The plan is a contributory, single employer defined benefit plan that covers all full time uniformed police officers of the Township. An employee enters the plan on the day he becomes a full-time police officer.

*Non-Uniformed Defined Benefit Pension Plan* - The plan is a contributory, single employer defined benefit plan that covers all full-time non-uniformed employees of the Township who have met the eligibility requirements. A Non-Uniformed employee of the Township who works at least 1,000 hours per year during each year of employment is eligible for plan membership upon completion of his probationary period. Employees hired but not plan members at January 1, 1987 were given a one-time election to be covered as either contributor or non-contributory employees. Plan members as of January 1, 2007 and employees hired after December 31, 1986 are required to enter the plan as contributory employees.

The Middletown Board of Supervisors has established an informal employee committee, the Pension Committee, for the purpose of reviewing investment managers and the investment performance thereof, for both the Police Pension Plan, and the General Pension Plan. The Pension Committee consists of nine members - six of which are appointed members by their respective unions, and three from management; specifically two members of the Middletown Department of Public Works Collective Bargaining Unit, two members of the Middletown Police Collective Bargaining Unit, two members of the Middletown Teamsters Collective Bargaining Unit, the Chief of Police, the Finance Director, and the Chief Administrative Officer of the Pensions.

At December 31, 2020, Middletown Township Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Non-Uniform</u>
Inactive employees (or their beneficiaries) currently receiving benefits (1)	62	27
Inactive employees entitled to benefits but not yet receiving them	3	8
Active employees	<u>47</u>	<u>48</u>
	<u>112</u>	<u>83</u>

(1) Police: includes 11 DROP members

**Benefits Provided - Police Pension Plan**

*Police Pension Plan* - The pension plan provides retirement benefits as well as death, disability, survivor and late retirement benefits. Benefits vest after 12 years of service. Under Act 600, the minimum age and service requirement for normal retirement are the later of age 50 or completion of 25 years of service. A plan may optionally allow Early Retirement after 20 years of service.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

Benefits Provided - Police Pension Plan (continued)

Normal retirement Police employees are entitled to a retirement benefit, payable monthly for life, in an amount equal to 50% of their average compensation, plus a service increment of \$50 per month for each completed year of benefit service in excess of 25 years of benefit service, up to a maximum service increment of \$100 per month. Average compensation is calculated as the average of base salary plus overtime of such member over the final 36 months of employment. A member's earned or accrued benefit prior to his normal retirement date is equal to the benefit calculated under the normal retirement benefit formula, multiplied by the ratio of his years of benefit service to date to the total years of benefit service he would have worked had he continued employment to his normal retirement date. Members who retired on or after January 1, 1991 are eligible to receive an annual cost-of-living adjustment, effective each January 1 after retirement, based upon the certain criteria and limitations. The early retirement pension is equal to the accrued pension at the date of retirement, reduced actuarially for early commencement.

Retirement on or Before December 31, 2019. In the event of the death of a Police Officer who retired or became disabled on or before December 31, 2019, his widow, or her widower, shall be entitled, during his or her lifetime, to sixty-five percent (65%) of the pension the Police Officer was receiving or would have been receiving had he or she been retired at the time of his or her death. If there is no surviving spouse, or if the spouse survives and subsequently dies, then benefit entitlement shall continue to the member's child or children under the age of eighteen (18) years, or if attending college, under or attaining the age of twenty-three (23) years. Retirement on or After January 1, 2020. In the event of the death of a Police Officer who retired or became disabled on or after January 1, 2020, his widow, or her widower, shall be entitled, during his or her lifetime, to seventy-five percent (75%) of the pension the Police Officer was receiving or would have been receiving had he or she been retired at the time of his or her death. If there is no surviving spouse, or if the spouse survives and subsequently dies, then benefit entitlement shall continue to the member's child or children under the age of eighteen (18) years, or if attending college, under or attaining the age of twenty-three (23) years.

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township. For police officers hired on or before December 31, 2019, the DROP term shall be for a period of no more than 96 months from the date of entry. For police officers hired on or after January 1, 2020, The DROP term shall be for a period of no more than 60 months from the date of entry.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

Benefits Provided - Police Pension Plan (continued)

Benefits and Contribution provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Benefits Provided - Non-Uniformed Pension Plan

*Non-Uniformed Pension Plan* - The pension plan provides retirement benefits as well as death, disability, survivor and late retirement benefits. A member's normal retirement date is the first day of the month after a member turns age 65 and completes 5 years of vesting service or, if earlier, the first day of the month after a member turns age 62 and completes 30 years of vesting service. The plan's benefit formula for contributory members is a cash balance pension formula whereby the monthly pension is determined as the amount that can be purchased with a hypothetical account balance, consisting of accumulated member contributions with interest plus accumulated employer credits with interest. The account balance is maintained as a bookkeeping entry and is only used to determine the member's benefit under the plan and shall not represent an entitlement to the plan member. The normal retirement benefit is equal to the monthly life annuity that is the actuarial equivalent of the member's hypothetical account balance (for contributory members), but no less than the minimum pension. Compensation is defined as the base salary received by an employee, excluding bonuses, commissions, overtime payments or any additional forms of pay.

For noncontributory members who were hired prior to January 1, 1987 their pension benefit shall be no less than \$10 multiplied by their years of service earned after January 1, 1987. For contributory members who were plan members prior to January 1, 1987, their pension benefit shall be no less than the pension benefit that would have accrued under the prior plan formula if such formula had continued in effect after January 1, 1987. A member's earned or accrued benefit prior to his normal retirement date is equal to the monthly benefit payable at normal retirement equal to the actuarial equivalent of his hypothetical account balance or the benefit earned under the minimum pension formula.

A member is eligible for early retirement after age 60 and completion of 20 or more years of vesting service, but prior to his normal retirement date, and will be eligible to receive a pension benefit payable immediately. For members whose accrued pension is determined by his account balance, the early retirement pension is equal to the monthly life annuity that is the actuarial equivalent of the member's hypothetical account balance at early retirement. For members whose accrued pension is calculated under the minimum pension provisions, the early retirement pension is equal to their accrued pension, reduced actuarially.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

Benefits Provided - Non-Uniformed Pension Plan (continued)

If a contributory member is totally and permanently disabled, he will receive a distribution of his hypothetical account balance (the employee and employer accounts). If a non-contributory member is totally and permanently disabled, he will receive a pension payable at his normal retirement date equal to the accrued benefit at his date of disablement.

Benefits and Contribution provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Measurement Focus and Basis of Accounting

*Basis of Accounting:* Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized as due when pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

*Method Used to Value Investments:* Pension Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

*Police Pension Plan* - Officers who are members in the plan are required to contribute 5.75% of their salaries to the plan. Interest is credited to each member's account each year at 6% per year. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

*Non-Uniformed Pension Plan* - employees who are members in the plan are required to contribute 5% of their salaries to the plan. Interest is credited to each member's account each year at 6% per year. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid for the pension, which is recognized as revenue and expense as follows for the year ended December 31, 2020.

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
Township contributions	\$ 2,919,559	\$ 180,212	\$ 3,099,771
Employee contributions	390,488	159,060	549,548
State aid	<u>492,383</u>	<u>236,344</u>	<u>728,727</u>
	<u>\$ 3,802,430</u>	<u>\$ 575,616</u>	<u>\$ 4,378,046</u>

**Investments**

*Investment Policy:* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Rate of Return:* For the year ended December 31, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense was 11.61% for Police and 12.28% for Non-Uniformed. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2020 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 61,171,745	\$ 11,350,708
Plan fiduciary net position	(54,034,105)	(10,380,177)
Net pension liability	\$ 7,137,640	\$ 970,531
 Plan fiduciary net position as a percentage of the total pension liability	88%	91%

*Actuarial Assumptions:* The total pension liability in the January 1, 2020 actuarial valuation for Non-Uniformed and Police Pension plan was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniform</u>	
Inflation	2.5%	2.5%	
Salary Increases	4.5%	4.5%	(including inflation)
Investment Rate of Return	7.0%	7.0%	(net of pension plan investment expense, including inflation)
Postretirement Cost of Living Increase	3.0%	0.0%	

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males and females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2018.

The net pension liability for the Police and Non-Uniformed Pension plans was measured as of December 31, 2020 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. There were no changes to benefit terms or assumptions for the Non-Uniformed Pension plan since the valuation date. The Police Pension plan had the following benefit changes. There were no assumption changes since the valuation date.

- A new provision allows for an actuarially reduced early retirement pension at age 50 and 20 years of service.
- The survivor benefit increased from 65% to 75% of the Police employees' pension.
- The DROP period was shortened for new hires from 96 months to 60 months.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

The long-term expected rate of return on pension plan investments was determined using a 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) are developed for each major asset class. These ranges are 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic Stocks		
Large Cap	45.00%	6.00%
Mid/Small Cap	6.00%	7.50%
International Stocks	6.00%	7.50%
Bonds	40.00%	2.25%
Cash	<u>3.00%</u>	1.50%
	<u>100.00%</u>	

*Discount Rate:* The discount rate used to measure the total pension liability was 7% for both the Non-Uniformed and Police Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2019	\$ 57,648,490	\$ 47,293,512	\$ 10,354,978
Changes for the year:			
Service cost	1,554,404	-	1,554,404
Interest	4,058,238	-	4,058,238
Change of benefit terms	302,385	-	302,385
Differences between expected and actual experience	64,372	-	64,372
Change of assumptions	-	-	-
Contributions - employer	-	3,411,942	(3,411,942)
Contributions - employee	-	390,488	(390,488)
Net investment income	-	5,724,685	(5,724,685)
Benefit payments, including refunds of employee contributions	(2,456,144)	(2,456,144)	-
Administrative expense	-	(330,378)	330,378
Net Changes	3,523,255	6,740,593	(3,217,338)
Balance at December 31, 2020	\$ 61,171,745	\$ 54,034,105	\$ 7,137,640
	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<b><u>Non-Uniformed Pension Plan</u></b>			
Balance at December 31, 2019	\$ 10,694,004	\$ 9,271,418	\$ 1,422,586
Changes for the year:			
Service cost	258,096	-	258,096
Interest	746,459	-	746,459
Change of benefit terms	-	-	-
Differences between expected and actual experience	228,936	-	228,936
Change of assumptions	-	-	-
Contributions - employer	-	416,556	(416,556)
Contributions - employee	-	159,060	(159,060)
Net investment income	-	1,196,983	(1,196,983)
Benefit payments, including refunds of employee contributions	(576,787)	(576,787)	-
Administrative expense	-	(87,053)	87,053
Net Changes	656,704	1,108,759	(452,055)
Balance at December 31, 2020	\$ 11,350,708	\$ 10,380,177	\$ 970,531

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the net pension liability of participating entities calculated using the discount rate of 7 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability			
Police	\$ 13,749,423	\$ 7,137,640	\$ 1,602,837
Non-Uniformed	2,127,056	970,531	(26,445)

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2020, the Township recognized pension expense of \$3,134,745 for Police Pension and \$492,552 for Non-Uniformed Pension. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 621,552	\$ 60,243
Change in assumptions	301,285	-
Net difference between projected and actual earnings on pension plan investments	-	1,842,079
Total	<u>\$ 922,837</u>	<u>\$ 1,902,322</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ 375,455	\$ 49,404
Change in assumptions	105,451	-
Net difference between projected and actual earnings on pension plan investments	-	470,007
Total	<u>\$ 480,906</u>	<u>\$ 519,411</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended			
<u>December 31:</u>	<u>Police</u>		<u>Non-Uniformed</u>
2020	\$ 267,733	\$	99,318
2021	183,319		81,800
2022	(963,215)		(176,469)
2023	(467,322)		(76,085)
2024	-		32,931
Total	<u>\$ (979,485)</u>	\$	<u>(38,505)</u>

*Payable to the Pension Plan:* For the year ended December 31, 2020, there were no amounts payable to the Police Pension Plan and Non-Uniformed Pension Plan.

**Deferred Retirement Option Program**

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 96 months after entering the DROP. As of December 31, 2020, the DROP account balance of \$4,005,267 is held by the plan pursuant to the DROP.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

The following summarizes financial information of the Police Pension Plan and the Non-Uniform Pension Plan as of and for the year ended December 31, 2020.

	<u>Combining Statement of Net Position</u>		
	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,993,769	\$ 751,310	\$ 8,745,079
Prepaid expenses	198,787	36,604	235,391
Accrued interest	98,454	23,849	122,303
Other receivables	-	13,402	13,402
<b>Investments, at fair value:</b>			
U.S. government obligations	3,969,182	798,523	4,767,705
Government sponsored mortgages	1,948,837	369,501	2,318,338
Corporate obligations	4,345,131	857,253	5,202,384
Municipal obligations	3,017,825	810,031	3,827,856
Mortgages	2,004,674	479,968	2,484,642
Mutual fund-equity	808,700	-	808,700
Mutual fund-debt	1,947,300	374,959	2,322,259
Stock equities	27,234,408	5,846,066	33,080,474
Foreign obligations	465,847	101,873	567,720
Real estate securities	14,591	-	14,591
<b>Total Assets</b>	<u>54,047,505</u>	<u>10,463,339</u>	<u>64,510,844</u>
Liabilities: Accounts payable	<u>13,402</u>	<u>83,162</u>	<u>96,564</u>
Net position restricted for pension benefits	<u>\$ 54,034,103</u>	<u>\$ 10,380,177</u>	<u>\$ 64,414,280</u>

	<u>Combining Statement of Changes in Net Position</u>		
	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Employee contributions	\$ 390,488	\$ 159,060	\$ 549,548
Employer contributions	2,919,559	180,212	3,099,771
State Aid	492,383	236,344	728,727
<b>Total Contributions</b>	<u>3,802,430</u>	<u>575,616</u>	<u>4,378,046</u>
<b>Investment Income</b>			
Net appreciation (depreciation) in fair value of investments	4,896,802	1,013,414	5,910,216
Interest and dividends	827,882	186,910	1,014,792
Total investment earnings	<u>5,724,684</u>	<u>1,200,324</u>	<u>6,925,008</u>
<b>Total Additions</b>	<u>9,527,114</u>	<u>1,775,940</u>	<u>11,303,054</u>
<b>Deductions</b>			
Benefits	2,456,145	576,787	3,032,932
Administrative expenses	330,378	87,053	417,431
<b>Total Deductions</b>	<u>2,786,523</u>	<u>663,840</u>	<u>3,450,363</u>
Change in Net Position	6,740,591	1,112,100	7,852,691
<b>Net Position Restricted for Pension Benefits</b>			
Beginning of Year	<u>47,293,512</u>	<u>9,268,077</u>	<u>56,561,589</u>
End of Year	<u>\$ 54,034,103</u>	<u>\$ 10,380,177</u>	<u>\$ 64,414,280</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**G. Employee Retirement Systems (Continued)**

	<u>Combining Pension Information</u>		
	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 621,552	\$ 375,455	\$ 997,007
Changes in assumptions	301,285	105,451	406,736
Net differences between projected and actual earnings on pension plan investments	-	-	-
Total Deferred Outflows of Resources	<u>\$ 922,837</u>	<u>\$ 480,906</u>	<u>\$ 1,403,743</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 60,243	\$ 49,404	\$ 109,647
Changes in assumptions	-	-	-
Net differences between projected and actual earnings on pension plan investments	1,842,079	470,007	2,312,086
Total Deferred Inflows of Resources	<u>\$ 1,902,322</u>	<u>\$ 519,411</u>	<u>\$ 2,421,733</u>
Pension Expense	<u>\$ 3,134,745</u>	<u>\$ 492,552</u>	<u>\$ 3,627,297</u>

**H. Deferred Compensation Plan**

The Township offers all of its employees the option to participate in a Deferred Compensation Plan (the "Plan") created in accordance with the Internal Revenue Code Section 457. The plan permits each employee to defer a flat dollar amount of his or her salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Township's responsibility is to administer the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the individuals enrolled in the plan and are not subject to the claims of the Township's general creditors. Participants' rights under the plan are equal to the fair value of the deferred account for each participant.

Investments are managed by the plan trustees ("ICMA") under various investment options. Each participant makes the investment plan choice. The Township's opinion is that it has no liability for losses under the plan but does have the responsibility of due care that would be required of an ordinary prudent investor.

On December 17, 1996, the Township passed Resolution 96-42R effective January 1, 1997. This resolution established the Deferred Compensation Plan as a Trust for the exclusive benefit of the Plan participants and their beneficiaries, and that the assets could not be diverted to any other purpose. This resolution was passed to comply with amendments to the Internal Revenue Code. The activity of the Plan is not recorded in the financial statements.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**I. Other Post Employment Benefits**

The Township sponsors a single-employer defined benefit post-employment plan (the Plan, OPEB) for eligible employees of the Township. The Plan was established and is governed by the provisions of the collective bargaining agreement between the Township and the police officers, to provide continuation of medical and vision insurance for employees who retire from the Middletown Township Police Pension Plan. The plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the plan. The most recent valuation was as of January 1, 2019. The plan does not issue a separate financial statement.

Membership of the plan consisted of the following at December 31, 2020 (the date of the latest actuarial valuation):

	<u>OPEB</u>
Inactive employees (or their beneficiaries)	
currently receiving benefits	14
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>58</u>
	<u>72</u>

*Eligibility:* All sworn police officers retiring on or after January 1, 1991, who receive retirement benefits by reason of age and service, or a service-connected disability, are eligible for reimbursement by the Township, commencing upon the date of retirement or service-connected disability, and for a maximum period of from five to ten years depending on the employee's accumulated unused sick leave at retirement of an amount from \$3,000 to \$5,000 per annum upon submission of proof of medical insurance premium expense payments paid by the retired officer.

*Benefits Provided:* The Township provides limited reimbursement for post-retirement health benefits to police officers. Upon meeting the eligibility requirements, the Plan will pay the premiums for the retired member's coverage under the medical insurance program available to active Township officers. Vision coverage is payable for the retired officer and spouse for the remainder of their lifetimes. Medical and dental coverages are payable to the retired officer, including coverage under the Township's medical insurance and a reimbursement of the \$3,000 annual deductible under the medical insurance. Medical and dental coverage is provided for the officer and spouse for seven years after retirement or disability. Family coverage can be purchased for the first seven years by trading 100 hours of the unused sick leave at retirement for each year of family coverage. After the initial seven years, retired officers may purchase up to an additional five years of coverage based on the Township's coverage schedule. After the coverage ends, retired officers may remain in the plan by paying their own premiums.



TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**I. Other Post Employment Benefits (Continued)**

*Contributions:* Employees do not contribute to the plan during their active service. Members who retire and are receiving postretirement benefits under the plan are required to pay a percentage of premiums, based up on the number of sick leave hours at retirement. The percentages are established, and may be amended, by the collective bargaining agreement between the Township and police officers. The medical premiums for retired members are paid from the Township's General Fund monthly as they come due.

Net OPEB Liability

The Township's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>	
Inflation	2.50%	
Salary Increases	5.0%	(including inflation)
Investment Rate of Return	3.0%	(net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	Medical trend rates are assumed to decrease gradually from 10% in 2020 to about 6% in 2021 and slowing decreasing to 5% in 2075 and later years. For dental and vision coverages, premium rates are assumed to increase by 5% per year.	

Mortality rates were based on the RP-2000 Mortality tables for healthy males and females, using blended rates for small employers.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study from the period January 1, 2017 to December 31, 2018.

Medical trend rates are assumed to decrease gradually from 10% in 2020 to about 6% in 2021 and slowing decreasing to 5% in 2075 and later years. For dental and vision coverages, premium rates are assumed to increase by 5% per year.

- In 2020, the medical trend rates increased from an anticipated 5.3% to 10% in 2020 and from 3.9% to 5% in 2075 and later.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**I. Other Post Employment Benefits (Continued)**

- Change in benefit terms – In 2020, the plan now covers retired officers and their spouses for seven years and officers can trade 100 sick leave hours for a year of family coverage during that period. After the initial seven years after retirement, officers can purchase up to five years of additional coverage with sick leave hours based on the Township’s scale.
- Change in assumptions – In 2019, the remaining amortization period decreased from 30 to 29 years. In 2020, the discount rate decreased from 4% to 3%. The medical inflation rate model was reset, including a 0% increase for 2020. The future expected medical claims by age and sex, based on updated premium rate and demographics was reset.

*Discount Rate:* The discount rate used to measure the total OPEB liability was 3 percent, based upon 20-year AA/Aa municipal bond rates, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

*Change in Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>OPEB Plan</u></b>			
Balance at December 31, 2019	\$ 5,563,739	\$ -	\$ 5,563,739
Changes for the year:			
Service cost	884,916	-	884,916
Interest	371,680	-	371,680
Change of benefit terms	5,311,734	-	5,311,734
Differences between expected and actual experience	748,455	-	748,455
Change of assumptions	62,502	-	62,502
Contributions - employer	-	364,005	(364,005)
Benefit payments, including refunds of employee contributions	(364,005)	(364,005)	-
Net Changes	7,015,282	-	7,015,282
Balance at December 31, 2020	\$ 12,579,021	\$ -	\$ 12,579,021

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 4 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(2%)</u>	Current Discount Rate (3%)	1% Increase <u>(4%)</u>
Net OPEB liability	\$ 13,604,879	\$ 12,579,021	\$ 11,583,772

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**I. Other Post Employment Benefits (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage-point lower or 1 – percentage-point higher than the current healthcare cost trend rates:

	1% Decrease Valuation <u>Rates</u>	Healthcare Cost Trend <u>Valuation Rates</u>	1% Increase Valuation <u>Rates</u>
Net OPEB liability	\$ 11,237,481	\$ 12,579,021	\$ 14,046,060

**OPEB Expense, and Deferred Outflows and Inflows of Resources**

For the year ended December 31, 2020, the actuarial determined expense for the OPEB Plan was \$6,648,855. At December 31, 2020, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>OPEB Plan</u></b>		
Differences between expected and actual experience	\$ 633,661	\$ 182,878
Changes in assumptions	52,916	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 686,577</u>	<u>\$ 182,878</u>

The deferred amounts related to OPEB will be recognized in expense as follows:

Year Ended <u>December 31:</u>	Governmental- Activities <u>OPEB</u>
2021	\$ 80,525
2022	80,525
2023	80,525
2024	80,525
2025	116,922
Thereafter	<u>64,677</u>
Total	<u>\$ 503,699</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**J. Interfund Advances and Transfers**

*Interfund Advances*

The Township has established a Contingency Fund with monies remaining from the 1978 bond issue. The Contingency Fund pays for capital projects and/or lends money to other Township funds for capital projects/equipment. These monies are loaned in accordance with a Board of Supervisors approved resolution. The resolution includes a payment schedule and a stated interest rate based on market conditions.

The Township records all advances from the Contingency Fund as an advances receivable in the Contingency Fund. Monies loaned from the Contingency Fund to Enterprise funds are recorded as debts payable in the Enterprise Fund. Short term interest and principal are paid out of the Enterprise Fund when they become due, except for the loan to the Farm Fund, which is paid through Debt Service. The liability for these loans is reflected in the funds stated below. The receivables are recorded in the Contingency Fund.

The following summary reflects the changes for the year ended December 31, 2020.

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due within</u> <u>One year</u>
<b>Proprietary Funds</b>					
Farm Fund	\$ 149,364	\$ -	\$ -	\$ 149,364	\$ -

*Proprietary Funds*

The liability for these loans is reflected in the Enterprise Funds. The receivable is recorded in the Contingency Fund. The Country Club loans are recorded in the Middletown Country Club Fund.

	<u>Original</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Annual</u> <u>Installment</u>	<u>Final Due</u> <u>Date</u>	<u>Outstanding</u> <u>12/31/2019</u>	<u>Outstanding</u> <u>12/31/2020</u>
<b>Proprietary Funds</b>						
Farm Fund	\$ 214,764	0.00%	\$ -	Not Stated	\$ 149,364	\$ 149,364

*Interfund Transfers*

Transfers are used to move fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**J. Interfund Advances and Transfers (Continued)**

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 30,000
Other Governmental Funds	157,200	127,200
Total	\$ 157,200	\$ 157,200

Interfund transfers are primarily the result of:

- (1) to permanently move resources

**K. 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 protection against the risk, the Township purchases commercial insurance coverage.

*Self-Insurance Risk* - The Township established a partial self-insured risk management program for health insurance in the year 2011.

- For the Non-Police Employees, in the 2019-2020 plan year, the Township will only cover 80% of the deductible amount of the insurance and these employees will be required to pay a portion of the insurance premiums based on their base pay level - tiered approach 6.5%, 9%, or 11.5% depending on base pay level. The Township has set up a Section 125 plan for this.
- For the 2019-2020 plan year, the Township continues to fund 100% of the deductible for the Police, and no contributions towards premium are required of the police.

The amount of settlements 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. The maximum exposure for these costs in 2019-2020 plan year was \$489,800. The total actual charges incurred by the Township for these deductibles in 2020 were \$370,521. There were no outstanding or unpaid claims at year end.

*Uncertainties* - In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Township is unable to determine if it will have a material impact to its operations.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**L. Litigation**

Amounts received or receivable from grant agencies are subject to audit and adjustments 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 government expects such amounts, if any, to be immaterial.

In the normal course of business, there are other various relatively minor claims and suits pending actions against the Township. Based upon a review of these claims with Township solicitors, the aggregate exposure to liability was not considered material.

**M. 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 15, 2022.

**REQUIRED**

**SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF MIDDLETOWN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 1,554,404	\$ 1,588,734	\$ 1,348,542	\$ 1,357,815	\$ 1,193,316	\$ 1,276,152	\$ 1,194,091
Interest	4,058,238	3,858,568	3,553,433	3,403,148	3,402,855	3,290,244	3,285,767
Changes of benefit terms	302,385	-	-	-	-	-	-
Differences between expected and actual experience	64,372	-	1,628,905	(468,675)	(1,161,644)	(2,173,755)	-
Changes of assumptions	-	-	-	2,343,901	-	-	-
Benefit payments, including refunds of employee contributions	(2,456,144)	(2,664,954)	(2,159,058)	(2,113,117)	(3,282,729)	(2,681,430)	(1,975,510)
Net change in total pension liability	3,523,255	2,782,348	4,371,822	4,523,072	151,798	(288,789)	2,504,348
Total pension liability - beginning	57,648,490	54,866,142	50,494,320	45,971,248	45,819,450	46,108,239	43,603,891
Total pension liability - ending (a)	<u>\$ 61,171,745</u>	<u>\$ 57,648,490</u>	<u>\$ 54,866,142</u>	<u>\$ 50,494,320</u>	<u>\$ 45,971,248</u>	<u>\$ 45,819,450</u>	<u>\$ 46,108,239</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 3,411,942	\$ 3,244,530	\$ 2,938,145	\$ 2,359,921	\$ 2,350,510	\$ 2,285,033	\$ 2,463,341
Contributions - employee	390,488	415,045	366,990	424,418	305,677	287,846	280,895
Net investment income	5,724,685	5,416,335	(1,664,963)	4,100,522	1,514,854	792,419	2,967,160
Benefit payments, including refunds of employee contributions	(2,456,144)	(2,664,954)	(2,159,058)	(2,113,117)	(3,282,729)	(2,681,430)	(1,975,510)
Administrative expense	(330,378)	(350,712)	(341,585)	(327,530)	(301,410)	(301,262)	(276,760)
Net change in plan fiduciary net position	6,740,593	6,060,244	(860,471)	4,444,214	586,902	382,606	3,459,126
<b>Plan fiduciary net position - beginning</b>	<u>47,293,512</u>	<u>41,233,268</u>	<u>42,093,739</u>	<u>37,649,525</u>	<u>37,062,623</u>	<u>36,680,017</u>	<u>33,220,891</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 54,034,105</u>	<u>\$ 47,293,512</u>	<u>\$ 41,233,268</u>	<u>\$ 42,093,739</u>	<u>\$ 37,649,525</u>	<u>\$ 37,062,623</u>	<u>\$ 36,680,017</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 7,137,640</u>	<u>\$ 10,354,978</u>	<u>\$ 13,632,874</u>	<u>\$ 8,400,581</u>	<u>\$ 8,321,723</u>	<u>\$ 8,756,827</u>	<u>\$ 9,428,222</u>
Plan fiduciary net position as a percentage of the total pension liability	88.3%	82.0%	75.2%	83.4%	81.9%	80.9%	79.6%
Covered payroll	\$ 6,351,547	\$ 6,512,632	\$ 6,202,893	\$ 5,805,841	\$ 5,275,475	\$ 4,899,227	\$ 4,252,730
Net pension liability as a percentage of covered payroll	112.4%	159.0%	219.8%	144.7%	157.7%	178.7%	221.7%
Annual money-weighted return, net of investment expenses	11.61%	12.74%	-4.80%	10.34%	4.29%	2.23%	9.18%
<b>Notes to Schedule:</b>							
Change in benefit terms:	Early retirement age defined, survivor benefit increased from 65% to 75%, and DROP period shortened for new entrants.						
Change in assumptions:	None since 1/1/2019						

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 MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2011	\$ 1,502,523	\$ 1,502,523	\$ -	\$ 4,584,456	32.77%
2012	1,501,534	1,501,534	-	4,252,730	35.31%
2013	2,509,929	2,509,929	-	4,575,677	54.85%
2014	2,463,341	2,463,341	-	4,252,730	57.92%
2015	2,285,033	2,285,033	-	4,899,227	46.64%
2016	2,350,510	2,350,510	-	5,275,475	44.56%
2017	2,359,921	2,359,921	-	5,805,841	40.65%
2018	2,938,145	2,938,145	-	6,202,893	47.37%
2019	3,244,530	3,244,530	-	6,512,632	49.82%
2020	3,411,929	3,411,942	(13)	6,351,547	53.72%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Closed
Remaining amortization period	7 years
Asset valuation method	Gains and losses (compared to the expected return) are recognized evenly over five years; however, the actuarial value of assets may not be less than 80% nor more than 120% of market value. The DROP accounts are carried at market value for actuarial valuation purposes.
Inflation	3%
Salary increases	4.5%
Investment rate of return	7%
Retirement age	10% of members eligible to retire under the plan's early retirement provisions are assumed retired each year until their normal retirement date. 100% of employees are assumed dot retire on their normal retirement date, or on the valuation date if later.
Mortality	RP2000 Table

**Notes to Schedule:**

Change in benefit terms: Early retirement age defined, survivor benefit increased from 65% to 75%, and DROP period shortened for new entrants.

Change in assumptions: None since 1/1/2019

**TOWNSHIP OF MIDDLETOWN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - NON-UNIFORM PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 258,096	\$ 259,685	\$ 213,140	\$ 214,587	\$ 146,617	\$ 176,804	\$ 206,812
Interest	746,459	712,288	661,443	630,877	568,224	533,592	513,290
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	228,936	(79,436)	360,830	-	446,337	(232,708)	-
Changes of assumptions	-	-	-	424,999	-	-	-
Benefit payments, including refunds of employee contributions	(576,787)	(387,662)	(564,664)	(250,061)	(185,814)	(251,086)	(122,292)
Net change in total pension liability	656,704	504,875	670,749	1,020,402	975,364	226,602	597,810
Total pension liability - beginning	10,694,004	10,189,129	9,518,380	8,497,978	7,522,614	7,296,012	6,698,202
Total pension liability - ending (a)	<u>\$ 11,350,708</u>	<u>\$ 10,694,004</u>	<u>\$ 10,189,129</u>	<u>\$ 9,518,380</u>	<u>\$ 8,497,978</u>	<u>\$ 7,522,614</u>	<u>\$ 7,296,012</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 416,556	\$ 363,912	\$ 310,213	\$ 189,147	\$ 310,501	\$ 308,202	\$ 203,448
Contributions - employee	159,060	150,491	148,817	141,549	126,027	121,892	128,673
Net investment income	1,196,983	1,141,122	(350,052)	862,906	307,760	166,261	626,530
Benefit payments, including refunds of employee contributions	(576,787)	(387,662)	(564,664)	(250,061)	(185,814)	(251,086)	(122,292)
Administrative expense	(87,053)	(93,957)	(86,755)	(87,613)	(80,228)	(80,531)	(74,620)
Net change in plan fiduciary net position	1,108,759	1,173,906	(542,441)	855,928	478,246	264,738	761,739
<b>Plan fiduciary net position - beginning</b>	<u>9,271,418</u>	<u>8,097,512</u>	<u>8,639,953</u>	<u>7,784,025</u>	<u>7,305,779</u>	<u>7,041,041</u>	<u>6,279,302</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 10,380,177</u>	<u>\$ 9,271,418</u>	<u>\$ 8,097,512</u>	<u>\$ 8,639,953</u>	<u>\$ 7,784,025</u>	<u>\$ 7,305,779</u>	<u>\$ 7,041,041</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 970,531</u>	<u>\$ 1,422,586</u>	<u>\$ 2,091,617</u>	<u>\$ 878,427</u>	<u>\$ 713,953</u>	<u>\$ 216,835</u>	<u>\$ 254,971</u>
Plan fiduciary net position as a percentage of the total pension liability	91.4%	86.7%	79.5%	90.8%	91.6%	97.1%	96.5%
Covered payroll	\$ 3,729,214	\$ 3,953,754	\$ 3,248,014	\$ 3,345,279	\$ 2,837,674	\$ 2,759,135	\$ 2,674,421
Net pension liability as a percentage of covered payroll	26.0%	36.0%	64.4%	26.3%	25.2%	7.9%	9.5%
Annual money-weighted return, net of investment expenses	12.28%	13.32%	-4.98%	10.22%	4.23%	2.36%	9.18%

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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 MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – NON-UNIFORM PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2011	\$ 110,955	\$ 110,955	\$ -	\$ 2,286,682	4.85%
2012	118,830	118,830	-	2,161,128	5.50%
2013	176,779	176,779	-	2,613,421	6.76%
2014	203,448	203,448	-	2,674,421	7.61%
2015	308,202	308,202	-	2,759,135	11.17%
2016	310,501	310,501	-	2,837,674	10.94%
2017	189,147	189,147	-	3,345,279	5.65%
2018	301,213	310,213	(9,000)	3,248,014	9.55%
2019	363,912	363,912	-	3,953,754	9.20%
2020	416,541	416,556	(15)	3,729,214	11.17%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Closed
Remaining amortization period	8 years
Asset valuation method	Gains and losses (compared to the expected return) are recognized evenly over five years; however, the actuarial value of assets may not be less than 80% nor more than 120% of market value
Inflation	2.5%
Salary increases	4.5%
Investment rate of return	7%
Retirement age	Normal Retirement Age, or on the valuation date if later
Mortality	RP2000 Table

**Notes to Schedule:**

Change in benefit terms:	None since 1/1/2019
Change in assumptions:	None since 1/1/2019

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS –  
OTHER POST-EMPLOYMENT BENEFITS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 884,916	\$ 296,193	\$ 265,570
Interest	371,680	220,995	224,388
Changes of benefit terms	5,311,734	-	-
Differences between expected and actual experience	748,455	(270,588)	-
Changes of assumptions	62,502	-	-
Benefit payments (including premium subsidies)	<u>(364,005)</u>	<u>(364,245)</u>	<u>(305,407)</u>
Net change in total OPEB liability	7,015,282	(117,645)	184,551
Total OPEB liability - beginning	<u>5,563,739</u>	<u>5,681,384</u>	<u>5,496,833</u>
Total OPEB liability - ending (a)	<u>\$ 12,579,021</u>	<u>\$ 5,563,739</u>	<u>\$ 5,681,384</u>
 <b>Plan fiduciary net position</b>			
Contributions - employer (including premium subsidies)	\$ 364,005	\$ 364,245	\$ 305,407
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments (including premium subsidies)	(364,005)	(364,245)	(305,407)
Administrative expense	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
 <b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Township's net OPEB liability - ending (a)-(b)</b>	<u>\$ 12,579,021</u>	<u>\$ 5,563,739</u>	<u>\$ 5,681,384</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
 Covered payroll	\$ 7,998,519	\$ 7,348,493	\$ 7,339,439
 Net OPEB liability as a percentage of covered payroll	157.3%	75.7%	77.4%
 Annual money-weighted return, net of investment expenses	Not Applicable		

**Notes to Schedule:**

See Page 73 of the financial statement for a discussion on changes in benefits and assumptions since the last actuarial valuation 1/1/2019

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 MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – OTHER POST-EMPLOYMENT BENEFITS

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2011	\$ 912,295	\$ 46,281	\$ 866,014	\$ 4,875,716	(1) 0.95%
2012	912,295	56,615	855,680	4,875,716	(1) 1.16%
2013	912,295	77,272	835,023	4,875,716	(1) 1.58%
2014	507,072	135,627	371,445	5,418,285	(1) 2.50%
2015	507,072	176,114	330,958	5,418,285	(1) 3.25%
2016	507,072	275,165	231,907	5,418,285	(1) 5.08%
2017	560,881	243,584	317,297	5,418,285	(1) 4.50%
2018	560,881	305,407	255,474	7,339,439	4.16%
2019	607,695	364,245	243,450	7,348,493	4.96%
2020	1,441,226	364,005	1,077,221	7,998,519	4.55%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	29 years
Asset valuation method	Not Applicable
Inflation	2.5%
Healthcare cost trend rates	Medical trend rates are assumed to decrease gradually from 10% in 2020 to about 6% in 2021 and slowing decreasing to 5% in 2075 and later years. For dental and vision coverages, premium rates are assumed to increase by 5% per year.
Projected salary increases	5%, including inflation
Investment rate of return	3%, including inflation
Retirement age	Officers are assumed to retire at their normal retirement date, or on the valuation date, if later
Mortality	RP-2000 Table, blended rates for small employer

See Page 73 of the financial statement for a discussion on changes in benefits and assumptions since the last actuarial valuation 1/1/2019

(1) source: actuarial valuations 1/1/2011 to 1/1/2017

## **SUPPLEMENTARY INFORMATION**

MIDDLETOWN TOWNSHIP

**MAJOR GOVERNMENTAL FUNDS**

General Fund - The General Fund is the principal fund of the Township, which accounts for all financial transactions except those required to be accounted for in other funds. This fund is reported as a major fund. (Budget is presented in the Fund Financial Statements).

Investment Fund - This fund accounts for the revenue originally derived from the sale of the water and sewer operations, the principal investment from the proceeds of \$39,000,000, and the annual inflows of investment earnings, are committed by the Board of Supervisors for use in a state of emergency. The annual inflows of resources to this fund are investment earnings. (Budget is presented in the Fund Financial Statements).

Capital Reserve Fund - This fund is maintained for anticipated capital expenditures. The monies accumulated in this fund are expended at the discretion of the Board of Supervisors for purposes involving the construction, purchase, lease to own, or replacement of or addition to municipal buildings, equipment, land, recreation facilities, parks, playgrounds, machinery, motor vehicles, infrastructure, or other capital assets or capital improvements. These expenditures are financed by the transportation and recreation impact fees paid by developers, as well as proceeds from the nonresidential building permit privilege tax.

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - CAPITAL RESERVE FUND

For the Year Ended December 31, 2020

	<u>CAPITAL RESERVE</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ 40,835	\$ 40,835
Investment income and rent	96,000	96,000	36,902	(59,098)
Intergovernmental revenues	244,800	244,800	686,745	441,945
Other	-	-	19,979	19,979
Total Revenues	<u>340,800</u>	<u>340,800</u>	<u>784,461</u>	<u>443,661</u>
<b>Expenditures</b>				
Debt service				
Principal	-	-	12,605	(12,605)
Interest	-	-	1,790	(1,790)
Capital outlays/development	<u>6,607,060</u>	<u>6,607,060</u>	<u>2,806,864</u>	<u>3,800,196</u>
Total Expenditures	<u>6,607,060</u>	<u>6,607,060</u>	<u>2,821,259</u>	<u>3,785,801</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(6,266,260)</u>	<u>(6,266,260)</u>	<u>(2,036,798)</u>	<u>4,229,462</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of capital leases	-	-	13,895,000	(13,895,000)
Bond premiums and discounts	-	-	1,612,345	(1,612,345)
Payment to refunded bond escrow agent	-	-	(12,444,183)	12,444,183
Transfers in	<u>575,000</u>	<u>575,000</u>	<u>-</u>	<u>575,000</u>
Total Other Financing Sources (Uses)	<u>575,000</u>	<u>575,000</u>	<u>3,063,162</u>	<u>(2,488,162)</u>
<b>Net Change in Fund Balance</b>	(5,691,260)	(5,691,260)	1,026,364	6,717,624
<b>Fund Balance - Beginning</b>	<u>6,873,440</u>	<u>6,873,440</u>	<u>6,873,440</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,182,180</u>	<u>\$ 1,182,180</u>	<u>\$ 7,899,804</u>	<u>\$ 6,717,624</u>



MIDDLETOWN TOWNSHIP

NON-MAJOR GOVERNMENTAL FUNDS

*Special Revenue Funds*

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

General Street Lighting Fund - This fund is used to account for revenue derived from a .9880 mill real estate tax levy. Major expenditures in the General Street Lighting Fund include the cost of electricity and the maintenance of highway and residential streetlights located within the Township.

Fire Protection Fund - This fund is used to account for revenue derived from a 1.545 mill real estate tax levy in accordance with the current agreement between the Township and the Skyline Fire District Association ("SFDA").

Parks and Recreation Fund - This fund is used to account for revenue derived from a 1.920 mill real estate tax levy. The revenues of this fund are restricted to the maintenance and operation of parks, playgrounds, playing fields, open space, gymnasiums, recreation centers and activities, and associated services.

Ambulance and Rescue Fund - This fund is used to account for revenue derived from a 0.44 mill real estate tax levy for the purpose of supporting the operations and activities of the Pennel-Middletown Rescue Squad.

Road Machinery Fund - This fund is used to account for revenue derived from a 0.300 mill real estate tax levy that provides funding for purchasing road machinery and associated equipment for use by the Middletown Township Department of Public Works.

Fire Hydrant Fund - This fund is used to account for revenue derived from a 0.107 mill real estate tax levy. The revenues of this fund are restricted to expenditures for the maintenance of fire hydrants and water service to fire hydrants throughout the Township.

Police Forfeiture Fund - This fund is used to account for revenue derived from police forfeitures. The revenues of this fund are restricted to expenditures for the police department. (There is no board approved budget for this fund).

State Highway Aid Fund - This fund accounts for revenues derived from state liquid fuels tax, and federal and state grants, that are legally restricted to expenditures for specific purposes.

MIDDLETOWN TOWNSHIP

NON-MAJOR GOVERNMENTAL FUNDS

*Capital Projects Funds*

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Curb/Road Revolving Fund - This fund is used to account for the costs of permanent street, curb and sidewalk improvements prior to the collection of such costs and expenses by assessments from the property owners adjoining or abutting such improvements. (There is no board approved budget for this fund).

Contingency Fund - This fund was established to extend interfund advances to fund capital purchases. (There is no board approved budget for this fund).

*Debt Service Funds*

Debt Service Funds are used to account for the payment of principal and interest on certain debt.

Debt Service Fund - This fund is used to account for the accumulation of resources for the payment of principal and interest on certain long-term and short-term debt. The principal source of revenue is real estate taxes.

TOWNSHIP OF MIDDLETOWN

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Special Revenue									Capital Projects			Debt Service	Total Non-major Governmental Funds
	General Street Lighting	Fire Protection	Parks and Recreation	Ambulance and Rescue	Road Machinery	Fire Hydrant	Police Forfeiture	State Highway Aid	Total	Curb/Road Revolving	Contingency	Total		
<b>ASSETS</b>														
Cash and cash equivalents	\$ 988,377	\$ 45,599	\$ 673,971	\$ 17,485	\$ 275,513	\$ 21,150	\$ 37,787	\$ 964,899	\$ 3,024,781	\$ 7,686	\$ 811	\$ 8,497	\$ 170,031	\$ 3,203,309
Receivables	11,542	11,400	16,442	3,266	2,209	788	-	-	45,647	-	-	-	37,876	83,523
Advances from other funds	-	-	-	-	-	-	-	-	-	-	149,364	149,364	-	149,364
Total Assets	<u>\$ 999,919</u>	<u>\$ 56,999</u>	<u>\$ 690,413</u>	<u>\$ 20,751</u>	<u>\$ 277,722</u>	<u>\$ 21,938</u>	<u>\$ 37,787</u>	<u>\$ 964,899</u>	<u>\$ 3,070,428</u>	<u>\$ 7,686</u>	<u>\$ 150,175</u>	<u>\$ 157,861</u>	<u>\$ 207,907</u>	<u>\$ 3,436,196</u>
<b>LIABILITIES</b>														
Accounts payable	\$ 6	\$ -	\$ 16,731	\$ 2,265	\$ -	\$ 7,922	\$ -	\$ 37,675	\$ 64,599	\$ -	\$ -	\$ -	\$ 10,784	\$ 75,383
Total Liabilities	<u>6</u>	<u>-</u>	<u>16,731</u>	<u>2,265</u>	<u>-</u>	<u>7,922</u>	<u>-</u>	<u>37,675</u>	<u>64,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,784</u>	<u>75,383</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>														
Unavailable revenue:														
property taxes	5,086	7,953	9,883	-	1,544	551	-	-	25,017	-	-	-	26,484	51,501
special assessments	-	-	-	-	-	-	-	-	-	2,345	-	2,345	-	2,345
Total deferred inflows of resources	<u>5,086</u>	<u>7,953</u>	<u>9,883</u>	<u>-</u>	<u>1,544</u>	<u>551</u>	<u>-</u>	<u>-</u>	<u>25,017</u>	<u>2,345</u>	<u>-</u>	<u>2,345</u>	<u>26,484</u>	<u>53,846</u>
<b>FUND BALANCES</b>														
Restricted:														
Street lighting	994,827	-	-	-	-	-	-	-	994,827	-	-	-	-	994,827
Road machinery	-	-	-	-	276,178	-	-	-	276,178	-	-	-	-	276,178
Fire and ambulance	-	49,046	-	18,486	-	13,465	-	-	80,997	-	-	-	-	80,997
Police	-	-	-	-	-	-	37,787	-	37,787	-	-	-	-	37,787
Streets and highways	-	-	-	-	-	-	-	927,224	927,224	-	-	-	-	927,224
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	170,639	170,639
Committed:														
Park and recreation	-	-	663,799	-	-	-	-	-	663,799	-	-	-	-	663,799
Assigned:														
Capital projects	-	-	-	-	-	-	-	-	-	5,341	150,175	155,516	-	155,516
Total Fund Balances	<u>994,827</u>	<u>49,046</u>	<u>663,799</u>	<u>18,486</u>	<u>276,178</u>	<u>13,465</u>	<u>37,787</u>	<u>927,224</u>	<u>2,980,812</u>	<u>5,341</u>	<u>150,175</u>	<u>155,516</u>	<u>170,639</u>	<u>3,306,967</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 999,919</u>	<u>\$ 56,999</u>	<u>\$ 690,413</u>	<u>\$ 20,751</u>	<u>\$ 277,722</u>	<u>\$ 21,938</u>	<u>\$ 37,787</u>	<u>\$ 964,899</u>	<u>\$ 3,070,428</u>	<u>\$ 7,686</u>	<u>\$ 150,175</u>	<u>\$ 157,861</u>	<u>\$ 207,907</u>	<u>\$ 3,436,196</u>

TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>Special Revenue</u>								<u>Capital Projects</u>			Debt Service	Total Non-major Governmental Funds	
	General Street Lighting	Fire Protection	Parks and Recreation	Ambulance and Rescue	Road Machinery	Fire Hydrant	Police Forfeiture	State Highway Aid	Total	Curb/Road Revolving	Contingency			Total
<b>Revenues</b>														
Property taxes	\$ 515,444	\$ 800,310	\$ 995,152	\$ 227,619	\$ 155,700	\$ 55,528	\$ -	\$ -	\$ 2,749,753	\$ -	\$ -	\$ -	\$ 2,666,789	\$ 5,416,542
Investment income and rent	3,969	-	10,421	136	1,310	105	155	2,992	19,088	-	-	-	2,829	21,917
Intergovernmental revenues	-	327,690	-	-	-	-	-	1,335,755	1,663,445	-	-	-	-	1,663,445
Charges for services	-	-	156,961	-	-	-	-	-	156,961	-	-	-	-	156,961
Contributions private sources	-	-	11,050	-	-	-	-	-	11,050	-	-	-	-	11,050
Other	4,700	-	-	-	-	-	-	-	4,700	-	-	-	-	4,700
<b>Total Revenues</b>	<b>524,113</b>	<b>1,128,000</b>	<b>1,173,584</b>	<b>227,755</b>	<b>157,010</b>	<b>55,633</b>	<b>155</b>	<b>1,338,747</b>	<b>4,604,997</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,669,618</b>	<b>7,274,615</b>
<b>Expenditures</b>														
<b>Current</b>														
Public safety	-	1,146,447	-	232,018	-	61,764	-	-	1,440,229	-	-	-	-	1,440,229
Public works	280,377	-	-	-	159,774	-	-	755,848	1,195,999	-	-	-	-	1,195,999
Parks and recreation	-	-	1,192,850	-	-	-	-	-	1,192,850	-	-	-	-	1,192,850
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	2,217,174	2,217,174
Interest	-	-	-	-	-	-	-	-	-	-	-	-	604,266	604,266
Fiscal agent fees	-	-	-	-	-	-	-	-	-	-	-	-	780	780
<b>Total Expenditures</b>	<b>280,377</b>	<b>1,146,447</b>	<b>1,192,850</b>	<b>232,018</b>	<b>159,774</b>	<b>61,764</b>	<b>-</b>	<b>755,848</b>	<b>3,829,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,822,220</b>	<b>6,651,298</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>243,736</b>	<b>(18,447)</b>	<b>(19,266)</b>	<b>(4,263)</b>	<b>(2,764)</b>	<b>(6,131)</b>	<b>155</b>	<b>582,899</b>	<b>775,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,602)</b>	<b>623,317</b>
<b>Other Financing Sources (Uses)</b>														
Transfers in	-	30,000	-	-	-	-	-	-	30,000	-	-	-	127,200	157,200
Transfers out	(127,200)	-	-	-	-	-	-	-	(127,200)	-	-	-	-	(127,200)
<b>Total Other Financing Sources (Uses)</b>	<b>(127,200)</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(97,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,200</b>	<b>30,000</b>
<b>Net Change in Fund Balance</b>	<b>116,536</b>	<b>11,553</b>	<b>(19,266)</b>	<b>(4,263)</b>	<b>(2,764)</b>	<b>(6,131)</b>	<b>155</b>	<b>582,899</b>	<b>678,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,402)</b>	<b>653,317</b>
Fund Balance - Beginning	878,291	37,493	683,065	22,749	278,942	19,596	37,632	344,325	2,302,093	5,341	150,175	155,516	196,041	2,653,650
Fund Balance - Ending	\$ 994,827	\$ 49,046	\$ 663,799	\$ 18,486	\$ 276,178	\$ 13,465	\$ 37,787	\$ 927,224	\$ 2,980,812	\$ 5,341	\$ 150,175	\$ 155,516	\$ 170,639	\$ 3,306,967

MIDDLETOWN TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL STREET LIGHTING FUND

For the Year Ended December 31, 2020

	<u>GENERAL STREET LIGHTING FUND</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 515,000	\$ 515,000	\$ 515,444	\$ 444
Investment income and rent	5,000	5,000	3,969	(1,031)
Other	500	500	4,700	4,200
Total Revenues	<u>520,500</u>	<u>520,500</u>	<u>524,113</u>	<u>3,613</u>
Expenditures				
Current:				
Public works	<u>304,500</u>	<u>304,500</u>	<u>280,377</u>	<u>24,123</u>
Total Expenditures	<u>304,500</u>	<u>304,500</u>	<u>280,377</u>	<u>24,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>216,000</u>	<u>216,000</u>	<u>243,736</u>	<u>27,736</u>
Other Financing Sources (Uses)				
Transfers out	<u>(409,000)</u>	<u>(409,000)</u>	<u>(127,200)</u>	<u>281,800</u>
Total Other Financing Sources (Uses)	<u>(409,000)</u>	<u>(409,000)</u>	<u>(127,200)</u>	<u>281,800</u>
Net Change in Fund Balance	(193,000)	(193,000)	116,536	309,536
Fund Balance - Beginning	<u>878,291</u>	<u>878,291</u>	<u>878,291</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 685,291</u>	<u>\$ 685,291</u>	<u>\$ 994,827</u>	<u>\$ 309,536</u>

MIDDLETOWN TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - FIRE PROTECTION FUND

For the Year Ended December 31, 2020

	FIRE PROTECTION			Variance with Final Budget
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 805,500	\$ 805,500	\$ 800,310	\$ (5,190)
Investment income and rent	1,000	1,000	-	(1,000)
Intergovernmental revenues	<u>324,000</u>	<u>324,000</u>	<u>327,690</u>	<u>3,690</u>
Total Revenues	<u>1,130,500</u>	<u>1,130,500</u>	<u>1,128,000</u>	<u>(2,500)</u>
Expenditures				
Current:				
Public safety	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,146,447</u>	<u>8,553</u>
Total Expenditures	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,146,447</u>	<u>8,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,500)</u>	<u>(24,500)</u>	<u>(18,447)</u>	<u>6,053</u>
Other Financing Sources (Uses)				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	5,500	5,500	11,553	6,053
Fund Balance - Beginning	<u>37,493</u>	<u>37,493</u>	<u>37,493</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 42,993</u>	<u>\$ 42,993</u>	<u>\$ 49,046</u>	<u>\$ 6,053</u>

MIDDLETOWN TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - PARK AND RECREATION FUND

For the Year Ended December 31, 2020

	<u>PARK AND RECREATION</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,002,000	\$ 1,002,000	\$ 995,152	\$ (6,848)
Investment income and rent	21,500	21,500	10,421	(11,079)
Charges for services	396,860	396,860	156,961	(239,899)
Contributions private sources	5,000	5,000	11,050	6,050
Total Revenues	<u>1,425,360</u>	<u>1,425,360</u>	<u>1,173,584</u>	<u>(251,776)</u>
Expenditures				
Current:				
Parks and recreation	1,402,450	1,402,450	1,192,850	209,600
Total Expenditures	<u>1,402,450</u>	<u>1,402,450</u>	<u>1,192,850</u>	<u>209,600</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,910</u>	<u>22,910</u>	<u>(19,266)</u>	<u>(42,176)</u>
Other Financing Sources (Uses)				
Transfers out	(300,000)	(300,000)	-	300,000
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Net Change in Fund Balance	(277,090)	(277,090)	(19,266)	257,824
Fund Balance - Beginning	<u>683,065</u>	<u>683,065</u>	<u>683,065</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 405,975</u>	<u>\$ 405,975</u>	<u>\$ 663,799</u>	<u>\$ 257,824</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - AMBULANCE AND RESCUE FUND

For the Year Ended December 31, 2020

	<u>AMBULANCE AND RESCUE</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 232,000	\$ 232,000	\$ 227,619	\$ (4,381)
Investment income and rent	700	700	136	(564)
Total Revenues	<u>232,700</u>	<u>232,700</u>	<u>227,755</u>	<u>(4,945)</u>
Expenditures				
Current:				
Public safety	<u>232,000</u>	<u>232,000</u>	<u>232,018</u>	<u>(18)</u>
Total Expenditures	<u>232,000</u>	<u>232,000</u>	<u>232,018</u>	<u>(18)</u>
Net Change in Fund Balance	700	700	(4,263)	(4,963)
Fund Balance - Beginning	<u>22,749</u>	<u>22,749</u>	<u>22,749</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 23,449</u>	<u>\$ 23,449</u>	<u>\$ 18,486</u>	<u>\$ (4,963)</u>



TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ROAD MACHINERY FUND

For the Year Ended December 31, 2020

	<u>ROAD MACHINERY</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 156,500	\$ 156,500	\$ 155,700	\$ (800)
Investment income and rent	<u>1,500</u>	<u>1,500</u>	<u>1,310</u>	<u>(190)</u>
Total Revenues	<u>158,000</u>	<u>158,000</u>	<u>157,010</u>	<u>(990)</u>
Expenditures				
Current:				
Public works	<u>255,000</u>	<u>255,000</u>	<u>159,774</u>	<u>95,226</u>
Total Expenditures	<u>255,000</u>	<u>255,000</u>	<u>159,774</u>	<u>95,226</u>
Net Change in Fund Balance	(97,000)	(97,000)	(2,764)	94,236
Fund Balance - Beginning	<u>278,942</u>	<u>278,942</u>	<u>278,942</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 181,942</u>	<u>\$ 181,942</u>	<u>\$ 276,178</u>	<u>\$ 94,236</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - FIRE HYDRANT FUND

For the Year Ended December 31, 2020

	<u>FIRE HYDRANT</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 55,500	\$ 55,500	\$ 55,528	\$ 28
Investment income and rent	<u>500</u>	<u>500</u>	<u>105</u>	<u>(395)</u>
Total Revenues	<u>56,000</u>	<u>56,000</u>	<u>55,633</u>	<u>(367)</u>
Expenditures				
Current:				
Public safety	<u>55,000</u>	<u>55,000</u>	<u>61,764</u>	<u>(6,764)</u>
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>61,764</u>	<u>(6,764)</u>
Net Change in Fund Balance	1,000	1,000	(6,131)	(7,131)
Fund Balance - Beginning	<u>19,596</u>	<u>19,596</u>	<u>19,596</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 20,596</u>	<u>\$ 20,596</u>	<u>\$ 13,465</u>	<u>\$ (7,131)</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – STATE HIGHWAY AID FUND

For the Year Ended December 31, 2020

	<u>STATE HIGHWAY AID</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 1,309,567	\$ 1,309,567	\$ 1,335,755	\$ 26,188
Investment income and rent	<u>10,000</u>	<u>10,000</u>	<u>2,992</u>	<u>(7,008)</u>
Total Revenues	<u>1,319,567</u>	<u>1,319,567</u>	<u>1,338,747</u>	<u>19,180</u>
Expenditures				
Current:				
Public works	<u>1,377,500</u>	<u>1,377,500</u>	<u>755,848</u>	<u>621,652</u>
Total Expenditures	<u>1,377,500</u>	<u>1,377,500</u>	<u>755,848</u>	<u>621,652</u>
Net Change in Fund Balance	(57,933)	(57,933)	582,899	640,832
Fund Balance - Beginning	<u>344,325</u>	<u>344,325</u>	<u>344,325</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 286,392</u>	<u>\$ 286,392</u>	<u>\$ 927,224</u>	<u>\$ 640,832</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2020

	DEBT SERVICE			
	Budgeted Amounts		ACTUAL	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 2,686,500	\$ 2,686,500	\$ 2,666,789	\$ (19,711)
Investment income and rent	10,000	10,000	2,829	(7,171)
Total Revenues	2,696,500	2,696,500	2,669,618	(26,882)
Expenditures				
Current:				
General government	800	800	-	800
Debt service				
Principal	2,345,000	2,345,000	2,217,174	127,826
Interest	418,000	418,000	604,266	(186,266)
Paid to fiscal agent	2,500	2,500	780	1,720
Total Expenditures	2,766,300	2,766,300	2,822,220	(55,920)
Excess (Deficiency) of Revenues Over Expenditures	(69,800)	(69,800)	(152,602)	(82,802)
Other Financing Sources (Uses)				
Transfers in	134,000	134,000	127,200	(6,800)
Total Other Financing Sources (Uses)	134,000	134,000	127,200	(6,800)
Net Change in Fund Balance	64,200	64,200	(25,402)	(89,602)
Fund Balance - Beginning	196,041	196,041	196,041	-
Fund Balance - Ending	\$ 260,241	\$ 260,241	\$ 170,639	\$ (89,602)

MIDDLETOWN TOWNSHIP

**PROPRIETARY FUNDS**

Proprietary funds are used to account operations:

The *Country Club Fund* is used to account for the investment in assets and the revenue derived from the operations of the Middletown Country Club currently managed under license agreement with Agro Golf.

The *Farm Fund* is used to account for the investment in assets and the revenue derived from the operations of Styer's Farm, and Styer's Store currently managed and operated under separate agreements with Styer's Orchard, Inc, and Styer's Farm Store, Inc.

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - COUNTRY CLUB FUND

For the Year Ended December 31, 2020

	COUNTRY CLUB			Variance with Final Budget
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Charges for services				
Licensing fees	\$ 45,000	\$ 45,000	\$ 49,006	\$ 4,006
Total Operating Revenues	<u>45,000</u>	<u>45,000</u>	<u>49,006</u>	<u>4,006</u>
Operating Expenses				
Park and recreation	-	-	140,458	(140,458)
Depreciation	<u>53,000</u>	<u>53,000</u>	<u>48,466</u>	<u>4,534</u>
Total Operating Expenses	<u>53,000</u>	<u>53,000</u>	<u>188,924</u>	<u>(135,924)</u>
Operating Income (Loss)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(139,918)</u>	<u>(131,918)</u>
Nonoperating Revenues (Expense)				
Interest income	<u>1,500</u>	<u>1,500</u>	<u>847</u>	<u>(653)</u>
Total Nonoperating Revenues (Expense)	<u>1,500</u>	<u>1,500</u>	<u>847</u>	<u>(653)</u>
Changes in Net Position	(6,500)	(6,500)	(139,071)	(132,571)
Total Net Position - Beginning	<u>2,300,975</u>	<u>2,300,975</u>	<u>2,300,975</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 2,294,475</u>	<u>\$ 2,294,475</u>	<u>\$ 2,161,904</u>	<u>\$ (132,571)</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - FARM FUND

For the Year Ended December 31, 2020

	FARM FUND			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Charges for services				
Licensing fees	\$ 22,000	\$ 22,000	\$ 40,000	\$ 18,000
Rent	<u>8,500</u>	<u>8,500</u>	<u>8,400</u>	<u>(100)</u>
Total Operating Revenues	<u>30,500</u>	<u>30,500</u>	<u>48,400</u>	<u>17,900</u>
Operating Expenses				
Park and recreation	4,300	4,300	7,106	(2,806)
Depreciation	<u>-</u>	<u>-</u>	<u>8,968</u>	<u>(8,968)</u>
Total Operating Expenses	<u>4,300</u>	<u>4,300</u>	<u>16,074</u>	<u>(11,774)</u>
Operating Income (Loss)	<u>26,200</u>	<u>26,200</u>	<u>32,326</u>	<u>6,126</u>
Nonoperating Revenues (Expense)				
Interest income	1,000	1,000	856	(144)
Refunds	<u>-</u>	<u>-</u>	<u>37,703</u>	<u>37,703</u>
Total Nonoperating Revenues (Expense)	<u>1,000</u>	<u>1,000</u>	<u>38,559</u>	<u>37,559</u>
Income (Loss) before Transfers	27,200	27,200	70,885	43,685
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Changes in Net Position	(172,800)	(172,800)	70,885	243,685
Total Net Position - Beginning	<u>2,373,067</u>	<u>2,373,067</u>	<u>2,373,067</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 2,200,267</u>	<u>\$ 2,200,267</u>	<u>\$ 2,443,952</u>	<u>\$ 243,685</u>

MIDDLETOWN TOWNSHIP

**FIDUCIARY FUNDS**

Fiduciary funds are used to account or assets held by the Township in a trustee capacity for the future payments of benefits to employees:

Pension Funds

The *Police Pension* fund and the *Non-Uniformed Pension* fund are to account for assets of these funds.

Agency Fund

The *Township Escrow* fund accounts for transactions on behalf of other organizations. There is only one fund.



TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS – PENSION PLANS

December 31, 2020

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,993,769	\$ 751,310	\$ 8,745,079
Prepaid expenses	198,787	36,604	235,391
Receivables:			
Contributions	-	-	-
Accrued interest	98,454	23,849	122,303
Other receivables	-	13,402	13,402
Total receivables	<u>98,454</u>	<u>37,251</u>	<u>135,705</u>
Investments, at fair value:			
U.S. government obligations	3,969,182	798,523	4,767,705
Government sponsored mortgages	1,948,837	369,501	2,318,338
Corporate obligations	4,345,131	857,253	5,202,384
Municipal obligations	3,017,825	810,031	3,827,856
Mortgages	2,004,674	479,968	2,484,642
Mutual funds-equity	808,700	-	808,700
Mutual funds-debt	1,947,300	374,959	2,322,259
Stock equities	27,234,408	5,846,066	33,080,474
Foreign obligations	465,847	101,873	567,720
Real estate securities	14,591	-	14,591
Total investments	<u>45,756,495</u>	<u>9,638,174</u>	<u>55,394,669</u>
Total Assets	<u>54,047,505</u>	<u>10,463,339</u>	<u>64,510,844</u>
<u>LIABILITIES</u>			
Accounts payable	<u>13,402</u>	<u>83,162</u>	<u>96,564</u>
Total Liabilities	<u>13,402</u>	<u>83,162</u>	<u>96,564</u>
<u>NET POSITION</u>			
Net Position - Restricted for:			
Pension benefits	<u>54,034,103</u>	<u>10,380,177</u>	<u>64,414,280</u>
Total Net Position	<u>\$ 54,034,103</u>	<u>\$ 10,380,177</u>	<u>\$ 64,414,280</u>

TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION

FIDUCIARY FUNDS – PENSION PLANS

For the Year Ended December 31, 2020

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Total</u>
Additions			
Contributions			
Member contributions	\$ 390,488	\$ 159,060	\$ 549,548
Employer contributions	2,919,559	180,212	3,099,771
State aid	<u>492,383</u>	<u>236,344</u>	<u>728,727</u>
Total Contributions	<u>3,802,430</u>	<u>575,616</u>	<u>4,378,046</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	4,896,802	1,013,414	5,910,216
Interest and dividends	<u>827,882</u>	<u>186,910</u>	<u>1,014,792</u>
Total Investment Income	<u>5,724,684</u>	<u>1,200,324</u>	<u>6,925,008</u>
Total Additions	<u>9,527,114</u>	<u>1,775,940</u>	<u>11,303,054</u>
Deductions			
Benefits	2,456,145	576,787	3,032,932
Administrative expenses	<u>330,378</u>	<u>87,053</u>	<u>417,431</u>
Total Deductions	<u>2,786,523</u>	<u>663,840</u>	<u>3,450,363</u>
Change in Net Position	6,740,591	1,112,100	7,852,691
Net Position - Restricted:			
Beginning of Year	<u>47,293,512</u>	<u>9,268,077</u>	<u>56,561,589</u>
End of Year	<u>\$ 54,034,103</u>	<u>\$ 10,380,177</u>	<u>\$ 64,414,280</u>

TOWNSHIP OF MIDDLETOWN

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-  
TOWNSHIP ESCROW FUNDS

For the Year Ended December 31, 2020

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2020</u>
Assets:				
Cash and cash equivalents	\$ 1,502,408	\$ 623,520	\$ (880,881)	\$ 1,245,047
Total Assets	<u>\$ 1,502,408</u>	<u>\$ 623,520</u>	<u>\$ (880,881)</u>	<u>\$ 1,245,047</u>
Liabilities:				
Accounts payable	\$ -	\$ 890,456	\$ (890,056)	\$ 400
Customer deposits	1,163,847	621,959	(882,808)	902,998
Accumulated interest	<u>338,561</u>	<u>3,088</u>	<u>-</u>	<u>341,649</u>
Total Liabilities	<u>\$ 1,502,408</u>	<u>\$ 1,515,503</u>	<u>\$ (1,772,864)</u>	<u>\$ 1,245,047</u>

## **STATISTICAL SECTION**

TOWNSHIP OF MIDDLETOWN

**STATISTICAL SECTION**

This part of the Township of Middletown's Comprehensive Annual Financial Report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information that may assist the reader in assessing the governments' current financial performance by placing it in historical perspective.	108
<b>Revenue Capacity</b>	
These schedules contain information that may assist the reader in assessing the viability of the government's most significant local revenue sources.	114
<b>Debt Capacity</b>	
These schedules present information that may assist the reader in analyzing the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	119
<b>Economic &amp; Demographic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the government's financial activities take place.	123
<b>Operating Information</b>	
These schedules contain service and infrastructure indicators to help the reader understand how the information in the government's financial statements relates to the services the government provides and the activities it performs.	125

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. Middletown Township implemented GASB 34 in 2003, and GASB 54 in 2011.

**TOWNSHIP OF MIDDLETOWN  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	2020	2019	2018	2017	2016	Fiscal Year 2015 (2)	2014	2013	2012 (1)	2011
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 33,800,051	\$ 32,405,615	\$ 29,623,723	\$ 26,596,566	\$ 23,828,235	\$ 27,249,325	\$ 25,418,215	\$ 27,310,114	\$ 25,404,239	\$ 25,986,662
Restricted	2,711,797	2,078,243	1,662,743	1,577,538	1,911,173	2,988,968	5,261,567	1,564,188	1,327,400	1,920,553
Unrestricted	<u>35,567,301</u>	<u>44,438,250</u>	<u>45,213,728</u>	<u>47,439,877</u>	<u>43,866,202</u>	<u>32,178,421</u>	<u>37,233,398</u>	<u>36,083,354</u>	<u>38,952,787</u>	<u>41,793,546</u>
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 72,079,149</u></b>	<b><u>\$ 78,922,108</u></b>	<b><u>\$ 76,500,194</u></b>	<b><u>\$ 75,613,981</u></b>	<b><u>\$ 69,605,610</u></b>	<b><u>\$ 62,416,714</u></b>	<b><u>\$ 67,913,180</u></b>	<b><u>\$ 64,957,656</u></b>	<b><u>\$ 65,684,426</u></b>	<b><u>\$ 69,700,761</u></b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,353,969	\$ 4,411,404	\$ 4,472,154	\$ 4,533,441	\$ 4,587,669	\$ 4,583,797	\$ 4,584,428	\$ 4,603,195	\$ 4,517,529	\$ 4,545,115
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (Deficit)	<u>251,887</u>	<u>262,638</u>	<u>212,827</u>	<u>126,435</u>	<u>74,010</u>	<u>34,596</u>	<u>(11,157)</u>	<u>(50,773)</u>	<u>16,242</u>	<u>(31,015)</u>
<b>Total Business-Type Activities Net Position</b>	<b><u>\$ 4,605,856</u></b>	<b><u>\$ 4,674,042</u></b>	<b><u>\$ 4,684,981</u></b>	<b><u>\$ 4,659,876</u></b>	<b><u>\$ 4,661,679</u></b>	<b><u>\$ 4,618,393</u></b>	<b><u>\$ 4,573,271</u></b>	<b><u>\$ 4,552,422</u></b>	<b><u>\$ 4,533,771</u></b>	<b><u>\$ 4,514,100</u></b>
<b>Primary Government</b>										
Invested in Capital Assets, Net of Related Debt	\$ 38,154,020	\$ 36,817,019	\$ 34,095,877	\$ 31,130,007	\$ 28,415,904	\$ 31,833,122	\$ 30,002,643	\$ 31,913,309	\$ 29,921,768	\$ 30,531,777
Restricted	2,711,797	2,078,243	1,662,743	1,577,538	1,911,173	2,988,968	5,261,567	1,564,188	1,327,400	1,920,553
Unrestricted	<u>35,819,188</u>	<u>44,700,888</u>	<u>45,426,555</u>	<u>47,566,312</u>	<u>43,940,212</u>	<u>32,213,017</u>	<u>37,222,241</u>	<u>36,032,581</u>	<u>38,969,029</u>	<u>41,762,531</u>
<b>Total Primary Governmental Net Position</b>	<b><u>\$ 76,685,005</u></b>	<b><u>\$ 83,596,150</u></b>	<b><u>\$ 81,185,175</u></b>	<b><u>\$ 80,273,857</u></b>	<b><u>\$ 74,267,289</u></b>	<b><u>\$ 67,035,107</u></b>	<b><u>\$ 72,486,451</u></b>	<b><u>\$ 69,510,078</u></b>	<b><u>\$ 70,218,197</u></b>	<b><u>\$ 74,214,861</u></b>

Source: Middletown Township Financial Statements

(1) GASB Statement No 65 was implemented in 2012, a prior period adjustment was made to the 2011 net position balance in the financial statements.

(2) GASB Statement No 68 was implemented in 2015, a prior period adjustment was made to the 2014 net position balance in the financial statements.

**TOWNSHIP OF MIDDLETOWN  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	Fiscal Year <u>2015 (2)</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>	<u>2011</u>
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 3,221,660	\$ 3,623,549	\$ 3,572,791	\$ 3,210,992	\$ 2,587,626	\$ 2,438,963	\$ 2,225,838	\$ 2,137,408	\$ 2,290,625	\$ 2,037,179
Public Safety	25,067,666	18,539,577	17,621,754	14,804,088	14,831,228	14,108,744	14,439,009	14,458,162	14,580,986	14,210,367
Public Works	8,180,772	7,978,282	6,294,955	7,133,831	7,160,207	6,827,774	7,037,369	6,731,336	6,251,378	6,566,282
Parks and Recreation	1,621,528	1,810,919	1,586,510	1,657,438	1,654,905	1,702,967	1,548,355	1,531,902	1,803,802	1,416,404
Miscellaneous	809,851	736,849	1,729,885	783,218	461,240	499,666	545,085	533,375	537,043	506,105
Capital Outlay/Development	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	554,642	270,896	655,904	745,549	675,204	756,506	642,361	661,242	1,069,783	1,013,702
Unallocated Depreciation Expense	<u>1,320,747</u>	<u>1,326,306</u>	<u>1,411,871</u>	<u>1,411,871</u>	<u>2,015,341</u>	<u>1,606,967</u>	<u>1,505,894</u>	<u>1,400,047</u>	<u>1,502,025</u>	<u>1,457,537</u>
Total Governmental Activities Expense	<u>\$ 40,776,866</u>	<u>\$ 34,286,378</u>	<u>\$ 32,873,670</u>	<u>\$ 29,746,987</u>	<u>\$ 29,385,751</u>	<u>\$ 27,941,587</u>	<u>\$ 27,943,911</u>	<u>\$ 27,453,472</u>	<u>\$ 28,035,642</u>	<u>\$ 27,207,576</u>
Business-Type Activities										
Proprietary Funds (combined)										
Country Club	\$ 188,924	\$ 88,129	\$ 52,319	\$ 52,653	\$ 66,596	\$ 117,966	\$ 132,830	\$ 139,416	\$ 137,397	\$ 145,114
Farm Fund	<u>16,074</u>	<u>12,928</u>	<u>9,893</u>	<u>28,823</u>	<u>15,775</u>	<u>16,524</u>	<u>26,756</u>	<u>22,115</u>	<u>19,719</u>	<u>31,922</u>
Total Business-Type Activities Expenses	<u>\$ 204,998</u>	<u>\$ 101,057</u>	<u>\$ 62,212</u>	<u>\$ 81,476</u>	<u>\$ 82,371</u>	<u>\$ 134,490</u>	<u>\$ 159,586</u>	<u>\$ 161,531</u>	<u>\$ 157,116</u>	<u>\$ 177,036</u>
Total Primary Government Expenses	<u>\$ 40,981,864</u>	<u>\$ 34,387,435</u>	<u>\$ 32,935,882</u>	<u>\$ 29,828,463</u>	<u>\$ 29,468,122</u>	<u>\$ 28,076,077</u>	<u>\$ 28,103,497</u>	<u>\$ 27,615,003</u>	<u>\$ 28,192,758</u>	<u>\$ 27,384,612</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for Service										
General Government	\$ 1,242,603	\$ 1,221,640	\$ 1,254,790	\$ 1,300,998	\$ 1,309,286	\$ 1,206,141	\$ 1,172,293	\$ 1,156,671	\$ 1,102,349	\$ 1,064,445
Public Safety	1,353,973	2,018,866	2,091,087	1,843,514	2,032,447	2,246,331	2,289,733	2,015,858	1,863,345	1,699,843
Public Works	4,903,726	4,181,306	4,203,416	4,196,856	4,188,247	4,189,076	4,857,941	4,903,774	4,474,867	4,656,230
Parks and Recreation	156,961	462,648	420,153	377,025	340,001	338,152	295,655	271,754	251,285	267,114
Operating Grants and Contributions	2,718,105	2,857,017	2,559,634	2,505,896	2,309,100	2,122,112	2,001,065	2,153,603	1,829,443	2,573,581
Capital Grants and Contributions	<u>686,744</u>	<u>1,065,838</u>	<u>248,796</u>	<u>623,981</u>	<u>999,815</u>	<u>762,846</u>	<u>1,352,466</u>	<u>1,926,838</u>	<u>527,153</u>	<u>1,308,528</u>
Total Governmental Activities Program Revenues	<u>\$ 11,062,112</u>	<u>\$ 11,807,315</u>	<u>\$ 10,777,876</u>	<u>\$ 10,848,270</u>	<u>\$ 11,178,896</u>	<u>\$ 10,864,658</u>	<u>\$ 11,969,153</u>	<u>\$ 12,428,498</u>	<u>\$ 10,048,442</u>	<u>\$ 11,569,741</u>
Business-Type Activities										
Charges for Services										
Proprietary Funds (combined)										
Country Club	\$ 49,006	\$ 36,756	\$ 36,756	\$ 25,604	\$ 125,888	\$ 201,138	\$ 201,259	\$ 203,105	\$ 196,912	\$ 184,434
Farm Fund	<u>48,400</u>	<u>48,400</u>	<u>40,000</u>	<u>45,984</u>	<u>10,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>\$ 97,406</u>	<u>\$ 85,156</u>	<u>\$ 76,756</u>	<u>\$ 71,588</u>	<u>\$ 135,888</u>	<u>\$ 241,138</u>	<u>\$ 241,259</u>	<u>\$ 243,105</u>	<u>\$ 236,912</u>	<u>\$ 224,434</u>
Total Primary Government Program Revenues	<u>\$ 11,159,518</u>	<u>\$ 11,892,471</u>	<u>\$ 10,854,632</u>	<u>\$ 10,919,858</u>	<u>\$ 11,314,784</u>	<u>\$ 11,105,796</u>	<u>\$ 12,210,412</u>	<u>\$ 12,671,603</u>	<u>\$ 10,285,354</u>	<u>\$ 11,794,175</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (29,714,754)	\$ (22,479,063)	\$ (22,095,794)	\$ (18,898,717)	\$ (18,206,855)	\$ (17,076,929)	\$ (15,974,758)	\$ (15,024,974)	\$ (17,987,200)	\$ (15,637,835)
Business-Type Activities	<u>(107,592)</u>	<u>(15,901)</u>	<u>14,544</u>	<u>(9,888)</u>	<u>53,517</u>	<u>106,648</u>	<u>81,673</u>	<u>81,574</u>	<u>79,796</u>	<u>47,398</u>
Total Primary Government Net Expense	<u>\$ (29,822,346)</u>	<u>\$ (22,494,964)</u>	<u>\$ (22,081,250)</u>	<u>\$ (18,908,605)</u>	<u>\$ (18,153,338)</u>	<u>\$ (16,970,281)</u>	<u>\$ (15,893,085)</u>	<u>\$ (14,943,400)</u>	<u>\$ (17,907,404)</u>	<u>\$ (15,590,437)</u>

(continued)

General Revenues and Other Changes in Net Position	Fiscal Year									
	2020	2019	2018	2017	2016	2015 (2)	2014	2013	2012 (1)	2011
<b>Governmental Activities</b>										
Property Taxes	\$ 9,141,928	\$ 9,178,658	\$ 9,095,679	\$ 9,097,522	\$ 9,286,265	\$ 9,264,596	\$ 9,218,570	\$ 9,309,514	\$ 9,303,772	\$ 9,281,766
Earned Income Tax	7,910,977	8,701,147	7,103,427	8,753,759	7,727,374	6,783,852	4,080,744	-	-	-
Other Taxes	3,790,869	5,538,712	5,692,299	5,335,482	5,373,874	4,946,763	4,893,608	4,697,360	4,513,623	4,499,405
Investment Income	1,601,713	2,079,183	986,755	637,245	659,084	174,227	655,107	104,391	435,806	1,467,986
Sale of Capital Assets	-	-	6,700	11,226	4,995	69,798	-	19,604	-	-
Miscellaneous	426,308	456,837	97,147	54,816	54,796	495,175	12,978	98,060	20,804	85,549
Special item-Capital assets from Private Purpose Trust	-	-	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	19,363	15,370	69,275	69,275	69,275	(260,001)
Proceeds, from Debt Restructuring	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 22,871,795</b>	<b>\$ 25,954,537</b>	<b>\$ 22,982,007</b>	<b>\$ 23,890,050</b>	<b>\$ 23,125,751</b>	<b>\$ 21,749,781</b>	<b>18,930,282</b>	<b>14,298,204</b>	<b>14,343,280</b>	<b>15,074,705</b>
<b>Business-Type Activities</b>										
Investment Income	\$ 1,703	\$ 13,362	\$ 10,561	\$ 8,085	\$ 9,132	\$ 7,749	\$ 8,451	\$ 6,352	\$ 9,150	\$ 33
Miscellaneous	37,703	-	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	(19,363)	(69,275)	(69,275)	(69,275)	(69,275)	260,001
<b>Total Business-Type Activities</b>	<b>\$ 39,406</b>	<b>\$ 13,362</b>	<b>\$ 10,561</b>	<b>\$ 8,085</b>	<b>\$ (10,231)</b>	<b>\$ (61,526)</b>	<b>\$ (60,824)</b>	<b>\$ (62,923)</b>	<b>\$ (60,125)</b>	<b>\$ 260,034</b>
<b>Total Primary Government General Revenues and Other</b>	<b>\$ 22,911,201</b>	<b>\$ 25,967,899</b>	<b>\$ 22,992,568</b>	<b>\$ 23,898,135</b>	<b>\$ 23,115,520</b>	<b>\$ 21,688,255</b>	<b>\$ 18,869,458</b>	<b>\$ 14,235,281</b>	<b>\$ 14,283,155</b>	<b>\$ 15,334,739</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (6,842,959)	\$ 3,475,474	\$ 886,213	\$ 4,991,333	\$ 4,918,896	\$ 4,672,852	\$ 2,955,524	\$ (726,770)	\$ (3,643,920)	\$ (563,130)
Business-Type Activities	(68,186)	(2,539)	25,105	(1,803)	43,286	45,122	20,849	18,651	19,671	307,432
<b>Total Primary Government Change in Net Position</b>	<b>\$ (6,911,145)</b>	<b>\$ 3,472,935</b>	<b>\$ 911,318</b>	<b>\$ 4,989,530</b>	<b>\$ 4,962,182</b>	<b>\$ 4,717,974</b>	<b>\$ 2,976,373</b>	<b>\$ (708,119)</b>	<b>\$ (3,624,249)</b>	<b>\$ (255,698)</b>

Source: Middletown Township Financial Statements

(1) GASB Statement No 65 was implemented in 2012

(2) GASB Statement No 68 was implemented in 2015



TOWNSHIP OF MIDDLETOWN  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011 (A)
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	-
Non-spendable	-	11,951	45,458	138,734	7,343	34,252	23,301	-	-	-
Restricted	265,763	248,397	225,492	179,739	146,619	108,516	98,695	-	-	-
Committed	452,282	462,211	466,955	473,358	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>6,286,394</u>	<u>8,172,451</u>	<u>7,254,048</u>	<u>8,942,469</u>	<u>7,883,196</u>	<u>5,359,161</u>	<u>3,907,662</u>	<u>2,081,418</u>	<u>2,803,476</u>	<u>2,736,024</u>
Total General Fund	<u>\$ 7,004,439</u>	<u>\$ 8,895,010</u>	<u>\$ 7,991,953</u>	<u>\$ 9,734,300</u>	<u>\$ 8,037,158</u>	<u>\$ 5,501,929</u>	<u>\$ 4,029,658</u>	<u>\$ 2,081,418</u>	<u>\$ 2,803,476</u>	<u>\$ 2,736,024</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Non-spendable	-	-	-	-	-	153,476	233,029	270,974	335,147	402,777
Restricted	2,487,652	1,868,569	1,478,081	1,397,799	1,729,234	2,880,452	5,162,872	1,564,188	1,327,400	1,920,553
Committed	663,799	683,065	623,862	39,485,092	39,374,415	39,298,484	39,222,508	39,275,872	40,369,420	40,441,705
Assigned	52,581,665	50,133,159	51,325,038	10,666,081	9,146,670	3,522,787	1,696,999	1,513,937	2,032,396	3,757,367
Unassigned	-	-	-	-	1,478	(224)	(11,809)	-	-	-
Total all Other Governmental Funds	<u>\$ 55,733,116</u>	<u>\$ 52,684,793</u>	<u>\$ 53,426,981</u>	<u>\$ 51,548,972</u>	<u>\$ 50,251,797</u>	<u>\$ 45,854,975</u>	<u>\$ 46,303,599</u>	<u>\$ 42,624,971</u>	<u>\$ 44,064,363</u>	<u>\$ 46,522,402</u>
Total Governmental Funds	<u>\$ 62,737,555</u>	<u>\$ 61,579,803</u>	<u>\$ 61,418,934</u>	<u>\$ 61,283,272</u>	<u>\$ 58,288,955</u>	<u>\$ 51,356,904</u>	<u>\$ 50,333,257</u>	<u>\$ 44,706,389</u>	<u>\$ 46,867,839</u>	<u>\$ 49,258,426</u>

Source: Middletown Township Financial Statements

(A) New Fund Balance Classifications per GASB 54

**TOWNSHIP OF MIDDLETOWN**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenue</b>										
Taxes (Non Earned Income Tax)	\$ 12,899,641	\$ 14,789,802	\$ 14,930,159	\$ 14,506,135	\$ 14,676,114	\$ 14,342,779	\$ 14,197,451	\$ 13,924,356	\$ 13,770,774	\$ 13,714,591
Earned Income Tax	8,116,977	8,415,147	7,998,427	8,349,759	7,612,374	6,783,852	4,080,744	-	-	-
Licenses and Permits	1,095,312	1,113,055	1,184,179	1,202,213	1,174,602	1,096,372	1,074,378	1,344,030	1,227,716	1,273,039
Fines and Forfeits	117,897	118,540	131,869	144,157	138,439	147,825	124,174	175,359	169,122	187,463
Interest and Rents	1,161,353	1,481,943	1,216,075	940,342	781,998	760,385	742,632	902,852	939,391	901,375
Intergovernmental Revenues	3,318,821	3,815,984	2,636,604	3,013,843	3,314,314	2,829,295	3,310,410	3,503,743	2,281,729	3,503,725
Charges for Services	6,388,526	6,596,709	6,597,887	6,316,616	6,525,032	6,735,503	7,417,070	6,827,850	6,295,008	6,227,130
Special Assessment	-	-	-	-	-	-	-	818	-	-
Contribution Private Source	66,050	12,176	12,404	55,660	19,208	55,497	68,155	576,698	74,867	175,903
Gain/(Loss) on Investments	440,056	597,640	(229,320)	(303,097)	(122,914)	(265,210)	(87,525)	(798,461)	(503,585)	566,611
Miscellaneous Revenues	446,287	354,483	256,569	115,190	62,097	131,790	12,978	98,060	20,804	88,549
<b>Total Revenues</b>	<b>\$ 34,050,920</b>	<b>\$ 37,295,479</b>	<b>\$ 34,734,853</b>	<b>\$ 34,340,818</b>	<b>\$ 34,181,264</b>	<b>\$ 32,618,088</b>	<b>\$ 30,940,467</b>	<b>\$ 26,555,305</b>	<b>\$ 24,275,826</b>	<b>\$ 26,638,386</b>
<b>Expenditures</b>										
General Government	\$ 2,718,371	\$ 2,867,434	\$ 2,479,540	\$ 2,392,815	\$ 2,375,974	\$ 2,301,468	\$ 2,012,237	\$ 1,948,999	\$ 1,789,113	\$ 1,890,916
Public Safety	18,025,948	17,281,031	16,259,206	14,572,966	14,333,335	13,965,246	13,577,125	13,278,438	11,892,467	13,316,076
Public Works	7,547,021	7,862,422	8,121,254	8,750,562	7,343,296	6,367,050	7,291,449	6,870,433	6,704,136	6,996,957
Parks and Recreation	1,192,850	1,450,940	1,313,849	1,299,553	1,302,579	1,294,579	1,354,995	1,334,010	1,356,337	1,267,795
Miscellaneous Expenditures	809,851	736,849	1,729,885	783,218	461,240	499,666	545,085	533,375	537,043	506,105
Capital Outlay/Development	2,806,864	4,031,784	2,085,391	2,122,519	2,159,501	4,582,602	3,749,117	2,094,767	1,664,283	1,846,092
Depreciation Expense	(2,364,851)	(2,938,459)	(2,835,058)	(2,684,772)	(3,572,913)	(3,203,801)	(2,666,086)	(2,553,512)	(2,848,606)	(2,785,683)
Debt Service										
Principal	2,245,033	2,340,411	2,284,868	2,352,014	2,045,180	1,961,826	1,845,034	2,060,000	1,940,000	2,271,627
Interest	609,612	562,179	641,331	671,254	658,549	706,649	649,734	685,612	852,309	1,035,927
Other Charges	780	1,560	2,340	1,560	153,525	-	-	-	153,063	71,522
<b>Total Expenditures</b>	<b>\$ 33,591,479</b>	<b>\$ 34,196,151</b>	<b>\$ 32,082,606</b>	<b>\$ 30,261,689</b>	<b>\$ 27,260,266</b>	<b>\$ 28,475,285</b>	<b>\$ 28,358,690</b>	<b>\$ 26,252,122</b>	<b>\$ 24,040,145</b>	<b>\$ 26,417,334</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 459,441</b>	<b>\$ 3,099,328</b>	<b>\$ 2,652,247</b>	<b>\$ 4,079,129</b>	<b>\$ 6,920,998</b>	<b>\$ 4,142,803</b>	<b>\$ 2,581,777</b>	<b>\$ 303,183</b>	<b>\$ 235,681</b>	<b>\$ 221,052</b>
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds	\$ 13,895,000	\$ -	\$ -	\$ 1,116,648	\$ 9,490,000	\$ -	\$ 10,460,850	\$ -	\$ 8,925,000	\$ 8,560,000
Premium on Bond Issuance	1,612,345	-	-	-	505,056	-	371,694	-	150,892	-
Discount on Bond Issuance	-	-	-	-	-	-	-	-	-	(34,881)
Payment to Refunded Bonds Escrow Agent	(12,444,183)	-	-	-	(6,435,448)	-	(5,190,642)	-	(8,922,829)	(8,427,134)
Bond Refinancing Expenses	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	6,700	11,930	4,995	15,370	-	19,604	-	-
Issuance of Long Term Notes and Leases	-	-	311,773	-	-	-	-	-	-	-
Transfers In	157,200	159,600	2,500,000	2,557,731	2,099,063	2,822,775	221,975	1,522,275	1,538,975	2,401,497
Transfers Out	(157,200)	(159,600)	(2,500,000)	(2,557,731)	(2,079,700)	(2,753,500)	(152,700)	(1,453,000)	(1,469,700)	(2,661,498)
<b>Total other Financing Sources (Uses)</b>	<b>\$ 3,063,162</b>	<b>\$ -</b>	<b>\$ 318,473</b>	<b>\$ 1,128,578</b>	<b>\$ 3,583,966</b>	<b>\$ 84,645</b>	<b>\$ 5,711,177</b>	<b>\$ 88,879</b>	<b>\$ 222,338</b>	<b>\$ (162,016)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,522,603</b>	<b>\$ 3,099,328</b>	<b>\$ 2,970,720</b>	<b>\$ 5,207,707</b>	<b>\$ 10,504,964</b>	<b>\$ 4,227,448</b>	<b>\$ 8,292,954</b>	<b>\$ 392,062</b>	<b>\$ 458,019</b>	<b>\$ 59,036</b>
Debt Service as a Percentage of Non Capital Expenditures	8.62%	8.48%	9.15%	10.10%	9.66%	9.20%	8.74%	10.54%	11.66%	12.81%

TOWNSHIP OF MIDDLETOWN  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

Year	Property Taxes	Earned Income Tax	Amusement Tax	Local Services Tax	Mercantile Tax	Real Estate Transfer Tax	Parking Tax	Per Capita Tax	Mechanical Device Tax	Total
2020	\$ 9,108,772	\$ 8,116,977	\$ 282,161	\$ 1,036,728	\$ 861,211	\$ 1,361,075	\$ 55,343	\$ 141,816	\$ 52,535	\$ 21,016,618
2019	9,251,090	8,415,147	1,460,447	1,059,490	1,154,769	1,346,119	320,961	147,446	49,480	23,204,949
2018	9,237,860	7,998,427	1,364,243	1,111,139	1,158,235	1,568,242	327,151	131,509	31,780	22,928,586
2017	9,170,653	8,349,759	1,333,653	1,091,284	1,177,552	1,334,379	227,193	138,561	32,860	22,855,894
2016	9,302,240	7,612,374	1,447,720	1,129,355	1,046,011	1,258,149	312,160	146,119	34,360	\$ 22,288,488
2015	9,291,064	6,783,852	1,379,123	983,936	1,116,110	1,137,327	260,992	139,627	34,600	21,126,631
2014	9,303,843	4,080,744	1,321,125	1,106,985	1,024,321	1,035,953	226,091	142,633	36,500	18,278,195
2013	9,226,996	-	1,265,984	1,038,831	1,032,229	960,778	214,177	146,035	39,326	13,924,356
2012	9,257,151	-	1,310,544	891,077	1,045,067	850,232	238,155	141,588	36,960	13,770,774
2011	9,215,186	-	1,279,984	988,502	1,114,116	714,933	225,038	136,412	40,420	13,714,591

Source: Middletown Township Financial Statements

**TOWNSHIP OF MIDDLETOWN  
 ASSESSED VALUE AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Year	Real Property Assessed Value (1)	Less: Tax Exempt Property	Total Taxable Assessed Value	Estimated Actual Values of Real Property	Ratio of Total Assesed Value to Total Estimated Actual Value (2)	Middletown Township Municipal Millage Rate
2020	612,329,331	84,528,261	527,801,070	6,044,712,057	10.13%	17.57
2019	615,689,467	84,992,107	530,697,360	6,077,882,204	10.13%	17.57
2018	618,665,160	87,427,210	531,237,950	6,746,621,156	9.17%	17.57
2017	618,097,790	86,610,530	531,487,260	5,670,621,927	10.90%	17.57
2016	617,101,220	86,559,600	530,541,620	5,342,867,706	11.55%	17.57
2015	616,397,560	86,323,950	530,073,610	6,964,944,181	8.85%	17.57
2014	613,100,780	85,434,250	527,666,530	6,620,958,747	9.26%	17.57
2013	613,224,920	85,640,790	528,103,540	6,746,148,735	9.09%	17.57
2012	617,653,240	88,126,470	529,526,770	6,670,121,382	9.26%	17.57
2011	617,093,965	87,924,280	529,169,685	6,972,813,164	8.85%	17.57

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

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

(2) Information provided by PA State Equalization Board (STEB) for Bucks County, PA

TOWNSHIP OF MIDDLETOWN  
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(rate per \$1,000 of assessed value)

Year	Direct Rates			Overlapping Rates			Total	
	Township of Middletown			Bucks County, PA			Neshaminy School District	Direct & Overlapping Millage Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage	Total County Millage	Total Millage	
2020	12.42500	5.14500	17.57000	19.08960	5.36040	24.45000	163.10000	205.12000
2019	12.42500	5.14500	17.57000	19.08960	5.36040	24.45000	163.10000	205.12000
2018	12.42500	5.14500	17.57000	19.08960	5.36040	24.45000	159.50000	201.52000
2017	12.42500	5.14500	17.57000	19.53150	4.91850	24.45000	155.80000	197.82000
2016	12.42500	5.14500	17.57000	17.84870	5.35130	23.20000	152.00000	192.77000
2015	12.42500	5.14500	17.57000	18.32020	4.87980	23.20000	152.00000	192.77000
2014	12.12500	5.44500	17.57000	18.29750	4.90250	23.20000	152.00000	192.77000
2013	12.12500	5.44500	17.57000	18.79630	4.40370	23.20000	152.00000	192.77000
2012	12.12500	5.44500	17.57000	18.79630	4.40370	23.20000	152.00000	192.77000
2011	12.27000	5.30000	17.57000	17.58870	4.35341	21.94211	152.00000	191.51211

Overlapping rates are those of local and county governments that apply to property owners within Middletown Township

Sources: Middletown Township, Bucks County Board of Assessments, Neshaminy School District

**TOWNSHIP OF MIDDLETOWN  
PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Type of Business	December 31, 2020			December 31, 2011		
		Taxable Assessed	Rank	Percentage of Total	Taxable Assessed	Rank	Percentage of Total
		Value (1)		Assessed Valuation	Value (1)		Assessed Valuation
McStome, Inc. (Kravco)	Commercial Development	6,849,850	1	1.29%	21,042,460	1	3.98%
800 (Eight) Trenton Assoc LP	Apartment Complex	4,368,800	2	0.82%	4,368,800	3	0.83%
Harper's Crossing Owner LLC (Jefferson Woods)	Residential Community	4,157,100	3	0.78%	4,157,100	4	0.79%
Shoppes at Flowers Mills	Shopping Center	2,731,320	4	0.51%	3,227,200	6	0.61%
Paramount Plaza at Lincoln LLC	Shopping Center	2,599,030	5	0.49%			
Guttman (Langhorne Square Shopping Center)	Shopping Center	2,331,110	6	0.44%	3,381,520	5	0.64%
Summit Trace Apart LP	Shopping Center	2,029,280	7	0.38%			
Heathergate Assoc LTD Part	Realty Services	2,017,170	8	0.38%			
Home Prop Racquet Club E LLC	Apartment Complex	1,924,400	9	0.36%			
St. Mary Medical Center Healthcare	Healthcare	1,916,340	10	0.36%			

(1) Information provided by Middletown Township Tax Collector. Multiple Parcels now grouped together

(2) Information provided by Bucks County, PA Real Estate Assessment Roll. Total Assessed Valuation is \$527,801,070

(3) Information obtain from Middletown Township 2010 CAFR. Total Assessed Valuation is \$529,215,470

**TOWNSHIP OF MIDDLETOWN  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Year	Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 9,273,465	\$ 9,026,837	97.34%	\$ 81,935	\$ 9,108,772	98.22%
2019	9,324,353	9,162,825	98.27%	88,265	9,251,090	99.21%
2018	9,333,851	9,119,887	97.71%	117,973	9,237,860	98.97%
2017	9,338,231	9,062,316	97.05%	108,337	9,170,653	98.21%
2016	9,321,616	9,230,852	99.03%	119,395	9,350,247	100.31%
2015	9,313,395	9,196,842	98.75%	-	9,196,842	98.75%
2014	9,271,102	9,152,233	98.72%	76,136	9,228,369	99.54%
2013	9,269,654	9,125,700	98.45%	131,923	9,257,623	99.87%
2012	9,303,787	9,158,419	98.44%	144,083	9,302,502	99.99%
2011	9,297,511	9,125,921	98.15%	163,334	9,289,255	99.91%

Source: Middletown Township Tax Receipt Records and Bucks County Tax Claim Bureau Reports

**TOWNSHIP OF MIDDLETOWN  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 61,232,933	\$ 61,568,947	\$ 61,892,412	\$ 61,809,779	\$ 61,710,122	\$ 61,639,756	\$ 613,100,778	\$ 61,322,492	\$ 61,765,324	\$ 61,709,397
Total Net Debt Applicable to Limit	19,744,155	20,346,399	22,545,909	24,883,585	27,299,228	24,578,721	26,564,333	24,008,367	26,195,077	28,008,228
Legal Debt Margin	<u>\$ 41,488,778</u>	<u>\$ 41,222,548</u>	<u>\$ 39,346,503</u>	<u>\$ 36,926,194</u>	<u>\$ 34,410,894</u>	<u>\$ 37,061,035</u>	<u>\$ 586,536,445</u>	<u>\$ 37,314,125</u>	<u>\$ 35,570,247</u>	<u>\$ 33,701,169</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.24%	33.05%	36.43%	40.26%	44.24%	39.87%	4.33%	39.15%	42.41%	45.39%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 527,801,070
Add Back: Exempt Real Property	<u>84,528,261</u>
Total Assessed Value	<u>\$ 612,329,331</u>
Debt Limit (10% of Total Assessed Value)	\$ 61,232,933
Debt Applicable to Limit	
General Obligation Bonds	\$ 19,600,000
Less: Amount set aside for repayment of General Obligation Debt	<u>(144,155)</u>
Total Net Debt Applicable to Limit	<u>\$ 19,744,155</u>
Legal Debt Margin	<u>\$ 41,488,778</u>

Note: Under state finance law, Middletown Township's outstanding General Obligation Debt should not exceed 10 percent (10%) of total assessed property value. By law, the General Obligation Debt subject to the limitation may be offset by amounts set aside for repaying General Obligation Bonds.



TOWNSHIP OF MIDDLETOWN  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Year	Governmental Activities		Business-Type	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Term Loan	Activities Term Loan			
2020	\$ 21,372,510	\$ 927,594		\$ 22,300,104	1.35%	\$ 491
2019	20,719,065	1,057,564	-	21,776,629	0	479
2018	22,989,824	1,411,887	-	24,401,711	0	537
2017	25,185,583	1,289,982	-	26,475,565	1.60%	583
2016	27,355,867	465,348	-	27,821,215	1.68%	612
2015	25,707,756	555,529	73,615	26,336,900	1.55%	580
2014	27,669,635	615,816	149,448	28,434,899	1.75%	625
2013	24,447,431	-	220,875	24,668,306	1.54%	543
2012	26,529,949	-	288,154	26,818,103	1.68%	590
2011	28,129,935	-	351,525	28,481,460	1.83%	627

Note: Details regarding the Township's outstanding debt can be found in the notes of the financial statements.

TOWNSHIP OF MIDDLETOWN  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Year	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund (2)	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2020	\$ 21,372,510	\$ 144,155	\$ 21,228,355	0.35%	467
2019	20,719,065	171,399	20,547,666	0	452
2018	22,989,824	200,909	22,788,915	0	502
2017	25,185,583	443,585	24,741,998	0.44%	545
2016	27,355,867	799,228	26,556,639	0.50%	584
2015	25,781,371	1,209,796	24,571,575	0.35%	541
2014	28,434,899	650,667	27,784,232	0.42%	611
2013	24,668,306	251,633	24,416,673	0.36%	537
2012	26,818,103	124,923	26,693,180	0.40%	587
2011	28,481,460	81,772	28,399,688	0.41%	625

(1) This is the General Bonded Debt of both governmental and business-type activities, net of original issuance and discounts and premiums

(2) This is the amount restricted for debt service principal payments

TOWNSHIP OF MIDDLETOWN  
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 DECEMBER 31, 2020

Government Unit	Gross Outstanding Debt	Percentage Applicable to Middletown Township	Amount Applicable to Middletown Township
Township of Middletown (1)	\$ 21,776,629	100.00%	\$ 21,776,629
Neshaminy School District (2)	\$ 128,370,000	67.51%	\$ 86,662,587
Bucks County (3)	<u>227,849,327</u>	63.64%	<u>145,007,550</u>
Sub-Total Overlapping Debt	\$ 356,219,327		\$ 231,670,137
 Total	 \$ 377,995,956		 \$ 253,446,766

Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Middletown Township. This process recognizes that, when considering the Township's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account.

Sources:

(1) Township of Middletown Records

(2) Neshaminy School District

(3) County of Bucks

(4) Proportion share of Bucks County's existing debt as of December 31, 2020 based on ratio of Middletown Township's assessed valuation (see Schedule 5) to Bucks County's 2020 assessed valuation of \$8,370,143,150 (source, Bucks County Assessments). Percentage is found by taking the total taxable assessed value/assessed valuation

TOWNSHIP OF MIDDLETOWN  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

Year	Population (1)	Personal Income (thousand of dollars)	Per Capita Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2020	45,436	1,653,461	36,391	42.5	9,037	3.80%
2019	45,436	1,653,461	36,391	42.5	9,037	3.80%
2018	45,436	1,653,461	36,391	42.5	8,826	3.80%
2017	45,436	1,653,461	36,391	42.5	8,718	4.20%
2016	45,436	1,653,461	36,391	42.5	8,562	4.50%
2015	45,438	1,698,745	37,386	43.1	8,456	4.50%
2014	45,479	1,624,292	35,716	42.6	8,413	4.80%
2013	45,436	1,600,074	35,216	42.6	8,356	5.80%
2012	45,436	1,600,074	35,216	42.6	8,517	7.20%
2011	45,436	1,555,592	34,237	42.6	8,568	7.20%

Sources

(1) American Fact Finder, 2013 American Community Survey, and US Census Bureau (2013 and prior)

(2) Neshaminy School District

(3) PA Department of Labor & Industry, Center for Workforce Information and Analysis - as of 12/31 for Bucks County

**TOWNSHIP OF MIDDLETOWN  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	Type of Business	December 31, 2020 (1)			December 31, 2011		
		Employees	Rank	Percentage of Total Township Employment (2)	Employees	Rank	Percentage of Total Township Employment (3)
St Mary Medical Center	Hospital	2,151	1	6.86%	2,456	1	9.67%
Woods Services, Inc.	Education	1,194	2	3.81%	1,698	2	6.69%
Neshaminy School District	Education	1,121	3	3.57%	1,382	4	5.44%
SeaWorld Parks & Entertainment	Entertainment/Theme Park	673	4	2.15%			
Giant Food Stores LLC	Retail	623	5	1.99%			
Amazon.com Services Inc	Retail	554	6	1.77%			
Pennswood Village	Retirement Community	426	7	1.36%	419	6	1.65%
Reedman-Toll Autoworld	Retail/Automotive	339	8	1.08%	328	8	1.29%
Target Corporation	Retail	309	9	0.99%			
George School	Education	298	10	0.95%			
<b>Total</b>		<b>7,688</b>		<b>24.52%</b>	<b>6,283</b>		<b>24.74%</b>

(1) Information provided by Keystone Collections Group

(2) Information provided by Berkheimer Tax Administrator, Total Middletown Civilian Labor Force is 28,735

(3) Commonwealth of PA, Department of Labor & Industry, Total Middletown Township Civilian Labor Force is 25,400

**TOWNSHIP OF MIDDLETOWN  
FULL TIME EQUIVALENT MUNICIPAL  
EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government										
Administration	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Finance	5.0	5.0	4.5	5.0	5.0	5.0	5.0	5.0	5.0	5.5
Personal	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Police										
Police Officers	59.0	59.0	59.0	57.0	56.0	54.0	51.0	51.0	48.0	50.0
Police Civilians (1)	17.5	17.5	15.5	15.5	13.0	13.0	16.0	16.0	16.0	16.0
Public Works										
Administration	1.5	2.5	2.5	2.0	2.5	2.5	3.0	3.0	2.5	3.5
Maintenance/Labor	20.0	15.5	16.5	15.5	12.5	12.5	12.0	11.0	11.0	11.0
Summer/Seasonal	2.0	5.0	5.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0
Community Services										
Administration	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Custodial/Labor (2)	-	-	-	-	-	-	-	-	-	0.5
Emergency Services										
Officers/Inspectors (3)	5.50	8.50	7.75	4.5	3.0	3.0	3.0	3.0	2.5	2.5
Administration	-	-	-	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks & Recreation										
Administration	4.5	4.5	4.5	3.5	3.0	3.0	4.0	4.0	3.0	3.0
Equipment Operator/Labor	3.5	3.5	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0
Summer Rec/Seasonal	12.5	23.0	23.0	22.5	22.0	22.0	24.0	24.5	24.5	24.5
Misc. Program Facilitators	4.0	4.0	4.0	6.0	8.0	8.0	8.0	6.0	6.0	6.0
Licenses, Inspections & Zoning	<u>8.0</u>	<u>8.0</u>	<u>7.0</u>	<u>7.0</u>	<u>5.0</u>	<u>5.0</u>	<u>7.0</u>	<u>7.0</u>	<u>6.5</u>	<u>5.0</u>
Totals	<u>148.00</u>	<u>161.00</u>	<u>156.75</u>	<u>151.0</u>	<u>144.5</u>	<u>142.5</u>	<u>148.0</u>	<u>146.5</u>	<u>141.0</u>	<u>142.5</u>

Source: Middletown Township Department Records

Method: Using 1.0 for each full time employee and 0.50 for each part-time and seasonal employee

- (1) Police civilians include school crossing guards
- (2) One custodian partially funded by Middletown Senior Citizens Association
- (3) One part-time per diem fire officer/inspector is calculated at 0.25 FTES

**TOWNSHIP OF MIDDLETOWN  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Emergency Services</b>										
Emergency Fire Calls	2,123	988	1,543	1,467	2,000	2,000	2,000	1,000	1,081	1,142
Residential Fires	9	15	22	26	22	27	22	10	14	30
Business/Industrial Fires	11	9	2	6	2	2	2	2	3	2
Fire Investigations Conducted	46	112	374	339	917	342	917	193	207	29
Hazardous Materials/Petroleum Spill Calls	22	3	49	50	42	51	42	46	64	40
Mechanical Inspections Conducted	293	150	235	267	250	312	250	242	247	235
Fire Safety Inspections Conducted	370	7,726	1,979	1,886	1,825	1,911	1,825	1,604	1,634	1,612
COVID Decontamination	1,003									
COVID Modified Inspections	1,180									
<b>General Government</b>										
Building Inspections Conducted	681	1,438	1,080	940	1,223	1,426	3,008	2,678	2,666	2,519
Plumbing Inspections Conducted	266	241	600	550	498	629	758	595	539	476
Building Permits Issued	556	444	536	467	574	628	810	880	786	759
Plumbing Permits Issued	246	249	340	278	266	312	395	310	226	218
Electrical Permits Issued	466	461	625	490	547	421	482	370	281	300
Residential Value of Construction/Issued Permits	6,986,118	23,507,509	9,700,000	10,000,000	6,319,299	13,131,173	13,822,476	12,303,222	8,120,371	8,581,482
Commercial Value of Construction/Issued Permits	6,704,917	1,839,251	1,200,000	13,000,000	17,316,835	22,327,057	21,928,028	53,381,440	18,057,473	53,376,259
<b>Parks &amp; Recreation</b>										
Recreation Program Participants	4,278	13,840	13,599	12,519	15,718	15,531	15,800	15,822	11,050	7,641
Program Sessions Offered	236	336	318	344	371	356	380	378	376	404
<b>Police</b>										
Criminal Arrests	542	831	761	914	1,073	1,071	918	535	760	895
Traffic Citations	3,189	3,637	3,091	3,697	2,952	3,677	2,713	1,015	1,265	3,024
Accident Reports	1,265	1,697	1,775	1,787	1,718	1,740	1,761	1,789	1,763	2,003
Parking Violations	28	104	177	120	194	407	105	71	72	381
Animal Control Cases Investigated	332	464	304	146	491	418	549	507	501	622
Animal Control Warnings Issued	167	142	80	74	25	16	35	25	20	20
Animal Control Prosecutions Instituted	35	39	27	23	16	13	21	13	18	29
<b>Public Works</b>										
Roads Resurfaced (linear feet)	20,064	18,195	36,000	47,520	48,500	61,900	19,483	5,270	-	-
Trees Removed/Trimmed	196	125	75	133	409	96	156	297	230	112
Signs Repaired/Installed	89	100	82	129	235	234	103	95	96	94
Drainage/Storm Drains Unclogged	29	65	38	66	79	77	72	56	145	120
Potholes Repaired	192	420	653	603	540	1,712	2,228	647	607	438
Sinkholes Repaired	13	21	11	20	25	40	32	84	64	67

Source: Middletown Township Department Records

**TOWNSHIP OF MIDDLETOWN  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Emergency Services</b>										
Fire Stations	6	6	6	6	6	6	6	6	6	6
Vehicle Units	31	31	31	31	31	31	31	31	32	32
<b>General Government</b>										
Square Footage Occupied	56,122	56,122	56,122	56,122	56,122	56,122	56,122	56,122	56,122	56,122
Inspection Vehicles	2	2	2	2	2	2	2	2	2	2
Other Departmental Vehicles	2	2	2	1	1	1	1	1	1	1
<b>Parks &amp; Recreation</b>										
Number of Recreation Facilities	19	19	19	19	19	19	19	19	19	19
Acreage of Park Land	142.00	142.00	142.00	142.00	142.00	142.00	142.00	142.00	142.00	141.50
Acreage of Greenbelts/Open Space	529	529	529	529	529	529	529	529	518	518
<b>Police</b>										
Stations	2	1	1	1	1	1	1	1	1	1
Patrol Units	35	50	47	47	45	45	46	46	45	50
Trained Canines	5	4	4	4	4	4	4	4	4	2
<b>Public Works</b>										
Municipal Street (Lane Miles)	137.77	137.77	137.77	137.77	137.77	137.77	137.77	137.77	137.77	137.77
Streetlights	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Public Service Vehicles	34	26	25	24	24	24	24	24	24	24
Off-Road Equipment	8	8	8	7	7	7	7	7	7	7
Office Garage Complex	2	2	2	2	2	2	2	2	2	2
Salt Storage Buildings	1	1	1	1	1	1	1	1	1	1

Source: Middletown Township Department Records