

TOWNSHIP OF
— MIDDLETOWN —
BUCKS COUNTY
COMMONWEALTH OF PENNSYLVANIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2021

TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2021

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

Mega Bhandary
Director of Finance

TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2021

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INTRODUCTORY SECTION

June 22, 2022

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, 2021 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 administers 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, Lincoln Plaza 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, December 2018 and December 2021. 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 (7) full time, (7) part 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 a K-9 Unit and an Accident Investigation Unit.

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 Pennel, 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 has remained committed throughout 2021 to providing excellent service and maintaining efficiency across the organization. Each department worked tirelessly and contributed toward making Middletown Township a great and safe community residents can be proud of. Departments adapted to a new mixed working environment due to the after effects of the COVID-19 pandemic and found ways to keep operations moving forward for residents and businesses in the township. Two significant financial goals were achieved in 2021, 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.

In 2021, Middletown Township became the first Township in Southeastern Pennsylvania to adopt a Climate Action Plan, which is a strategic guide for community-wide sustainability efforts focused on reducing greenhouse gas emissions. Also, in 2021, the Township commissioned a Fire Services Study to assess the delivery of fire protection services to the community, identifying strengths and opportunities for improvement. The Township plans to develop and implement a strategic plan for fire protection services in 2022 to put several recommended improvements into action.

Another major development that occurred was the transition of Middletown Township's Farm Fund Lease (Styer Orchard), from two separate private party leases to one. The lease expired at the end of 2020. Prior to 2021 Styer Orchard farm and Styer Orchard farm market were two separate leases. Middletown Townships Board of Supervisors envisioned running the property as Pop Styer originally did—a single operation. Upon reviewing proposals by both incumbents, the Board of Supervisors entered into a lease for the entire operation with the orchard operator.

The Township took several steps to secure as much revenue as possible, decrease expenditures, and increase efficiency throughout 2021 to negate as much financial impact as possible of the continuing effects of the COVID-19 pandemic. Township staff worked diligently to secure more than \$385 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 2022 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 2021. 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.

The Township, itself, completed construction projects aimed at improving infrastructure throughout the community. The 2021 Road Improvement Program repaved 5.3 miles of Township roads. Since 2014, the Township has invested over \$13 million to repair or rebuild 73 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 increased their security requests for 2021 from 2020 getting back to somewhat of a normal year from the aftermaths of COVID-19. Sesame Place and the Township have a yearly contract in place, where the Township provides one officer during Sesame Place's hours of operation for an annual fee that is paid monthly. Typically, 1,700 hours is required per year, but in 2020 only 1,181 hours of service was provided. The hours were reduced in 2020 as Sesame was closed for a period of time due to COVID-19. The Township did not charge Sesame for one month of service despite the contract since it did not have to provide services. In 2021 the hours of service went back to normal as Sesame was able to open for the full year as normal. 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 \$90,800 in 2021 vs \$65,000 in 2020 and \$162,000 in 2019 to cover the costs of the security services.

The Police Department committed to public safety and the community in 2021. The Middletown Township Police Department has a total of 59 officers, as well as two K9 officers. The Police Department hosted their yearly 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) after a hiatus in 2020 due to COVID-19 and supported the annual Shop with a Cop charity event, run by Middletown Community Foundation 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 Department of Fire and Emergency Management also worked tirelessly to keep the community safe in 2021. Staff continued their response to emergency calls related to fires and hazardous spills. They also restarted their yearly fire inspections that took a hiatus in 2020 due to COVID-19. This year 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 with slightly more programming than 2020 due to the COVID-19 Pandemic. A few of the yearly events such as Earth Day, the Holiday Open House, and Beer Garden events that provided entertainment and recreation for visitors in previous years were modified to accommodate social distancing measures yet still provide somewhat of a normal experience in 2021. 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 a LED lighting project at Twin Oaks Park that will provide more efficient lighting.

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. The Board of Supervisors main focus in 2022 and beyond will be Sustainability. The Sustainability category will be a new category in the Township's CIP in 2022 as the Township plans to invest more in Sustainable projects as a next step to the adoption of the Climate Action Plan in 2021.

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 switched its designated depository in 2021 from TD Bank to Republic Bank. The Township put out an RFP in late 2020, in which several banks bid. Republic Bank's services and fees came in lower than other banks. Interest is paid on the net balance of all accounts the Township maintains at the bank.

While idle cash from the Township's various funds continually earns interest at Republic 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, 2021.

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, 2021 is the firm Bee, Bergvall & Co., Certified Public Accountants. The independent auditor's report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the Financial Section of this report. They have issued an unqualified opinion for the year ended December 31, 2021.

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 Eighteenth overall year that 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 2021 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 Department of Fire and Emergency Management, 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,

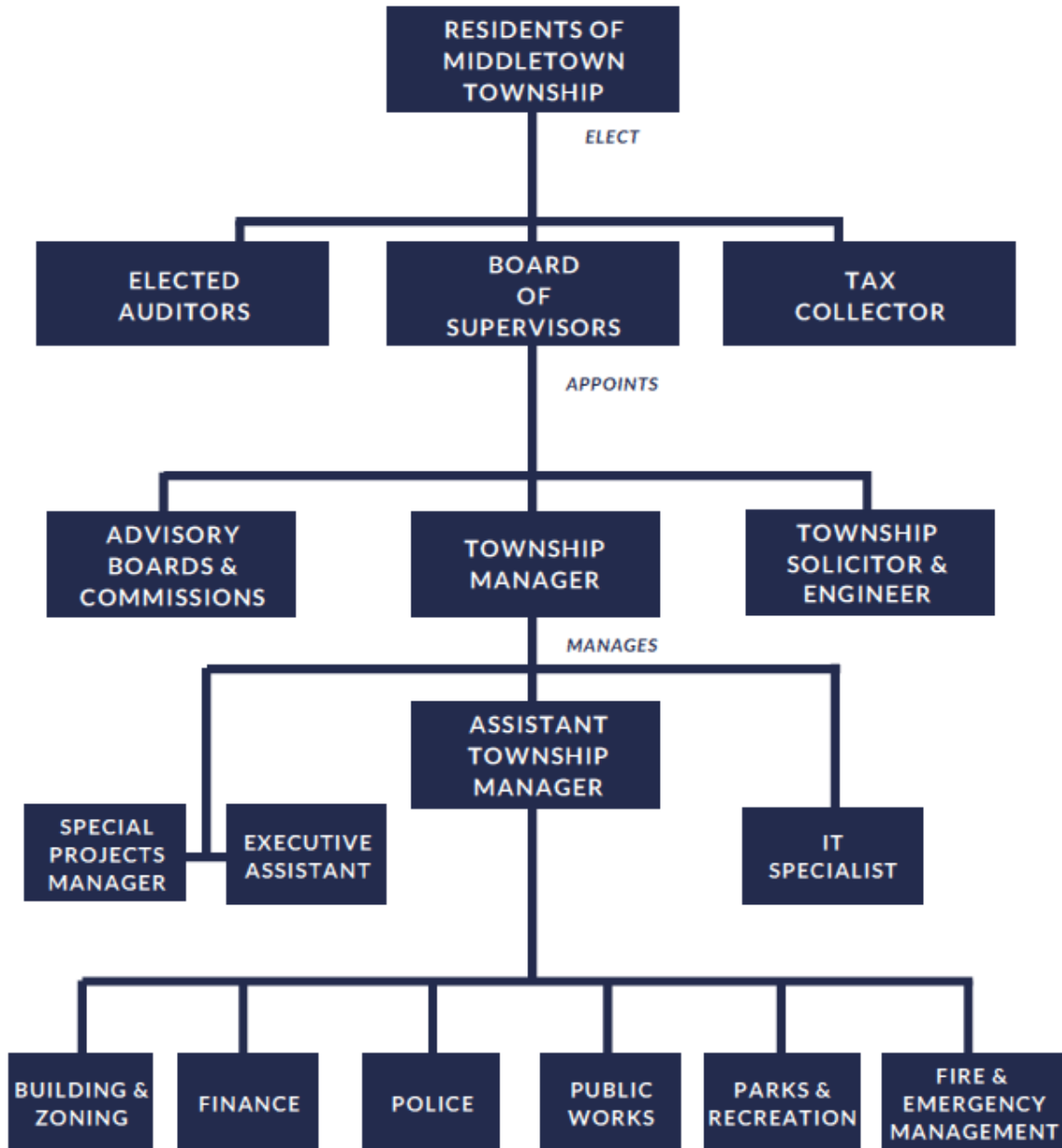


Mega Bhandary
Director of Finance

TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA
ORGANIZATION CHART

December 31, 2021

Organization Chart



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, 2021

2021 Board of Supervisors

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

Tax Collector

Ray Chapman

Elected Auditors

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

APPOINTED OFFICIALS

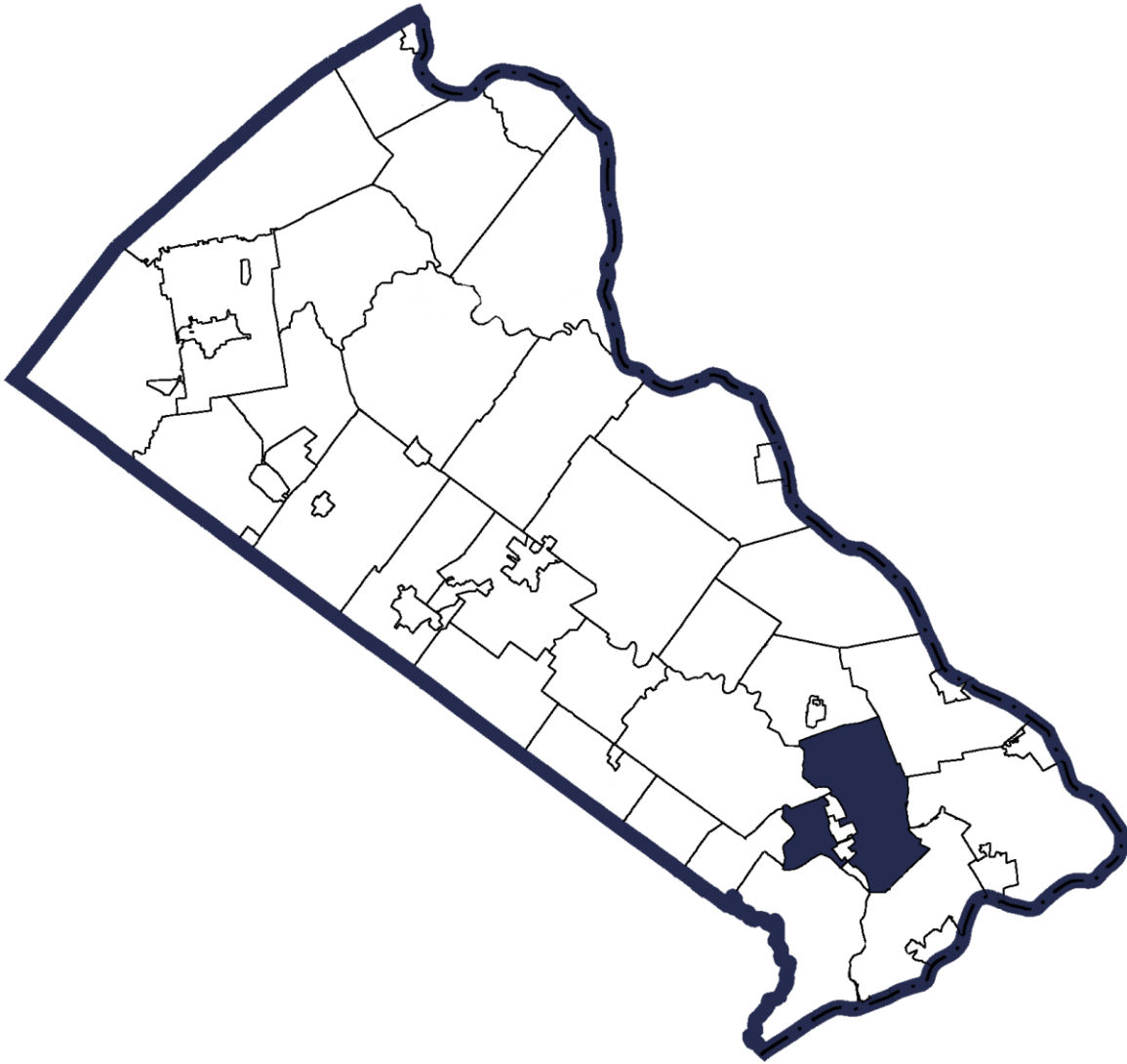
Executive Officials

Stephanie Teoli Kuhls, Township Manager
Nick Valla, Assistant Township Manager
Joseph Bartorilla, Chief of Police
Mega Bhandary, Director of Finance
Jim Ennis, Director of Building and Zoning
Eric Gartenmayer, Superintendent of Public Works
Paul Kopera, Director of Parks and Recreation
Don Harris, Interim Director of Fire and Emergency Management

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 Bucks County





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Township of Middletown
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



936 Easton Rd., PO Box 754, Warrington, PA 18976 | 70 W. Oakland Ave., Ste. 203, Doylestown, PA 18901
130 Almshouse Rd. Suite 201A, Richboro, PA 18954 |
215-343-2727 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Middletown Township, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Middletown Township (Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the historical trend information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Bee, Bergvall & Co.

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

Warrington, PA
June 22, 2022

Middletown Township
Bucks County, Pennsylvania

Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2021

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, 2021. 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 auditors' 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.

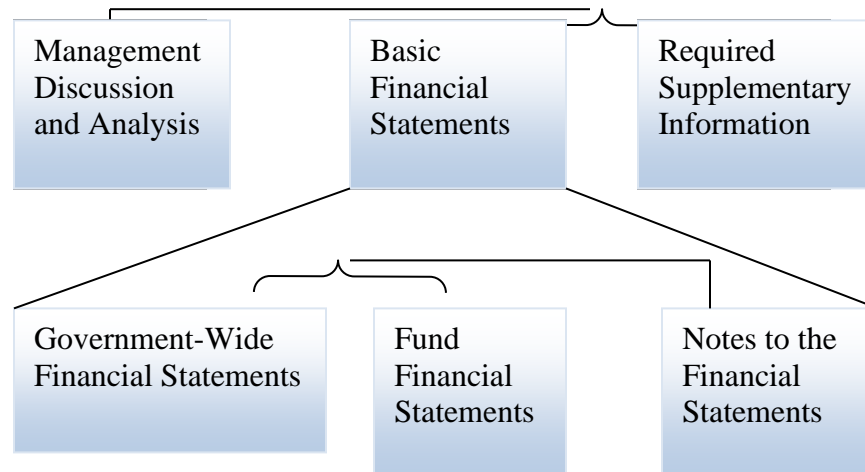
The remaining statements are fund financial statements which focus on the government's major governmental and enterprise funds. Governmental fund financials are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental funds statements 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 \$71,623,035 and \$72,079,149 at the close of the years ended December 31, 2021 and 2020, respectively.

The following table provides a summary of the Township's Net Position at December 31, 2021 and December 31, 2020:

Table 1
Summary of Net Position
For the Years Ending 12/31/21 and 12/31/20
(Government-Wide)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|----------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current and Other Assets | \$ 66,658,048 | \$ 66,333,001 | \$ 221,909 | \$ 401,491 | \$ 66,879,957 | \$ 66,734,492 |
| Capital Assets | <u>51,750,348</u> | <u>53,211,943</u> | <u>4,492,440</u> | <u>4,353,969</u> | <u>56,242,788</u> | <u>57,565,912</u> |
| Total Assets | <u>118,408,396</u> | <u>119,544,944</u> | <u>4,714,349</u> | <u>4,755,460</u> | <u>123,122,745</u> | <u>124,300,404</u> |
| Deferred Outflows of Resources | <u>1,093,234</u> | <u>2,090,320</u> | <u>-</u> | <u>-</u> | <u>1,093,234</u> | <u>2,090,320</u> |
| Current and Other Liabilities | \$ 3,673,412 | \$ 3,940,593 | \$ 1,588 | \$ 240 | \$ 3,675,000 | \$ 3,940,833 |
| Long-Term Liabilities | <u>37,077,406</u> | <u>42,911,188</u> | <u>149,364</u> | <u>149,364</u> | <u>37,226,770</u> | <u>43,060,552</u> |
| Total Liabilities | <u>40,750,818</u> | <u>46,851,781</u> | <u>150,952</u> | <u>149,604</u> | <u>40,901,770</u> | <u>47,001,385</u> |
| Deferred Inflows of Resources | <u>7,127,777</u> | <u>2,704,334</u> | <u>-</u> | <u>-</u> | <u>7,127,777</u> | <u>2,704,334</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | \$ 36,934,898 | \$ 33,800,051 | \$ 4,492,440 | \$ 4,353,969 | \$ 41,427,338 | \$ 38,154,020 |
| Restricted | 2,625,455 | 2,711,797 | - | - | 2,625,455 | 2,711,797 |
| Unrestricted | <u>32,062,682</u> | <u>35,567,301</u> | <u>70,957</u> | <u>251,887</u> | <u>32,133,639</u> | <u>35,819,188</u> |
| Total Net Position | <u>\$ 71,623,035</u> | <u>\$ 72,079,149</u> | <u>\$ 4,563,397</u> | <u>\$ 4,605,856</u> | <u>\$ 76,186,432</u> | <u>\$ 76,685,005</u> |

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 (\$44.1 million in 2021). Government Activities Current Assets increased by \$325,047 during 2021. This increase is mainly due to Middletown Townships Revenues stabilizing and moving back to pre-pandemic norms. 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 2021, Capital Assets decreased by \$1,461,595 as many projects were just restarting due to COVID-19 delays as well as Supply Chain issues causing delays in product sourcing and delivery. 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 \$1,093,234, which is a decrease of \$997,086 year over year.

Current liabilities consist primarily of accounts payable, various accruals and the current portion of long-term liabilities. Government Activities Current Liabilities decreased by \$265,833 during 2021, primarily a result of a decrease in accounts payable as well as a decrease in Debt 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 2020 and 2021 bond issues make up \$16,850,000 of the liabilities balance at year end 2021. Debt administration is discussed later in this report and in Note E to the Basic Financial Statements. Net Pension Liability and Net OPEB Liability make up \$3,961,510 and \$13,320,380, respectively, of Long-term Liabilities at year end 2021. Deferred inflows of resources refer to deferred activity related to special assessments, unamortized deferred gains on refunding, police and non-uniform pension, and other post-retirement benefits. This amount is \$7,127,777, which is an increase of \$4,423,443. This increase is due to Funding provided by the Federal Government for COVID-19 Related Relief (The American Rescue Act) as well as Police Pension Increases year over year.

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 \$456,114 during the current fiscal year. Business-type Activities decreased the Township's Net Position by \$42,459 during the current fiscal year. These activities are comprised of the Middletown Country Club and the Styer's Farm.

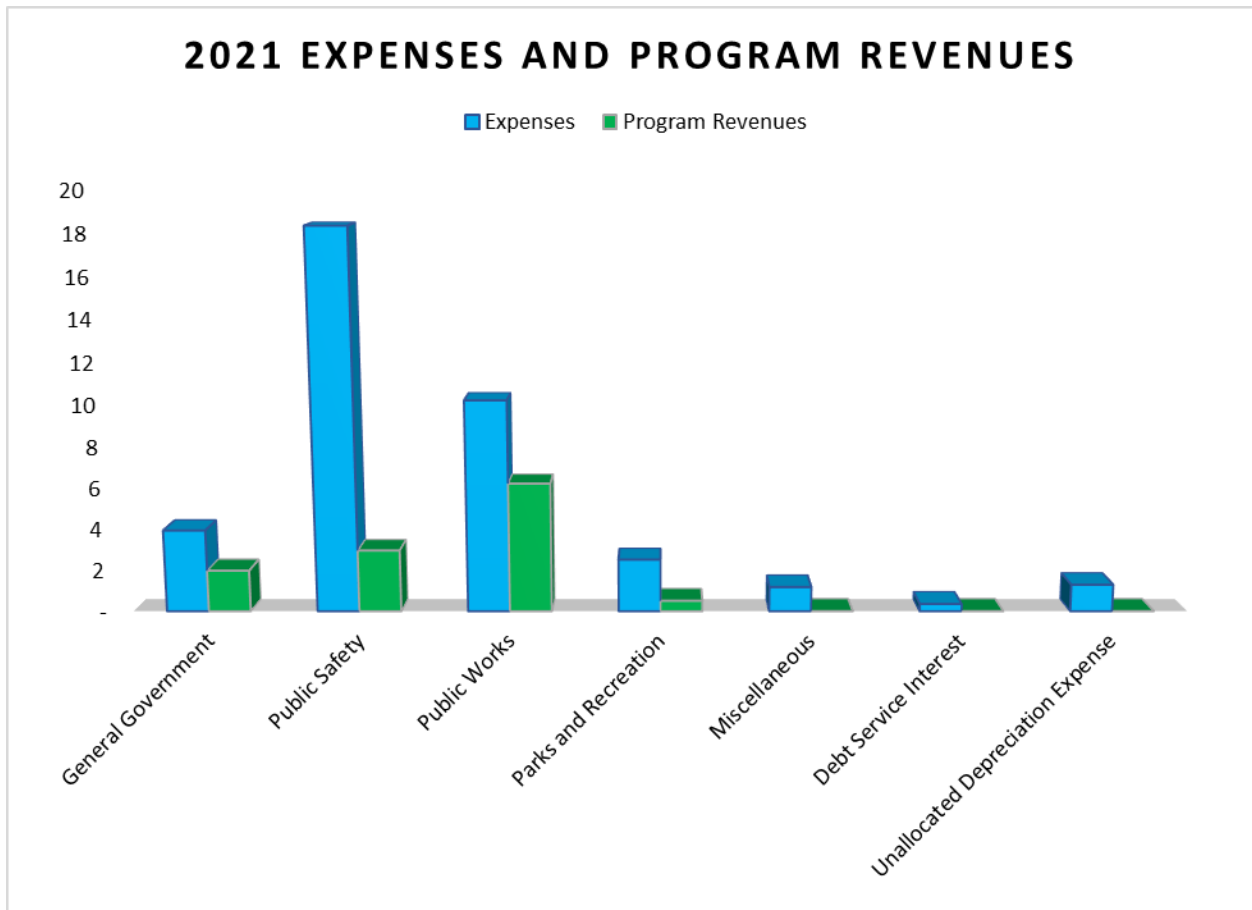
The result of this year's operations as a whole are reported in the Statement of Activities on page 24-25. All expenditures are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expenditures categories are netted against them to determine the final 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, 2021 compared to December 31, 2020.

Table 2
Changes in Net Position
For the Years Ending 12/31/21 and 12/31/20
(Government-Wide)

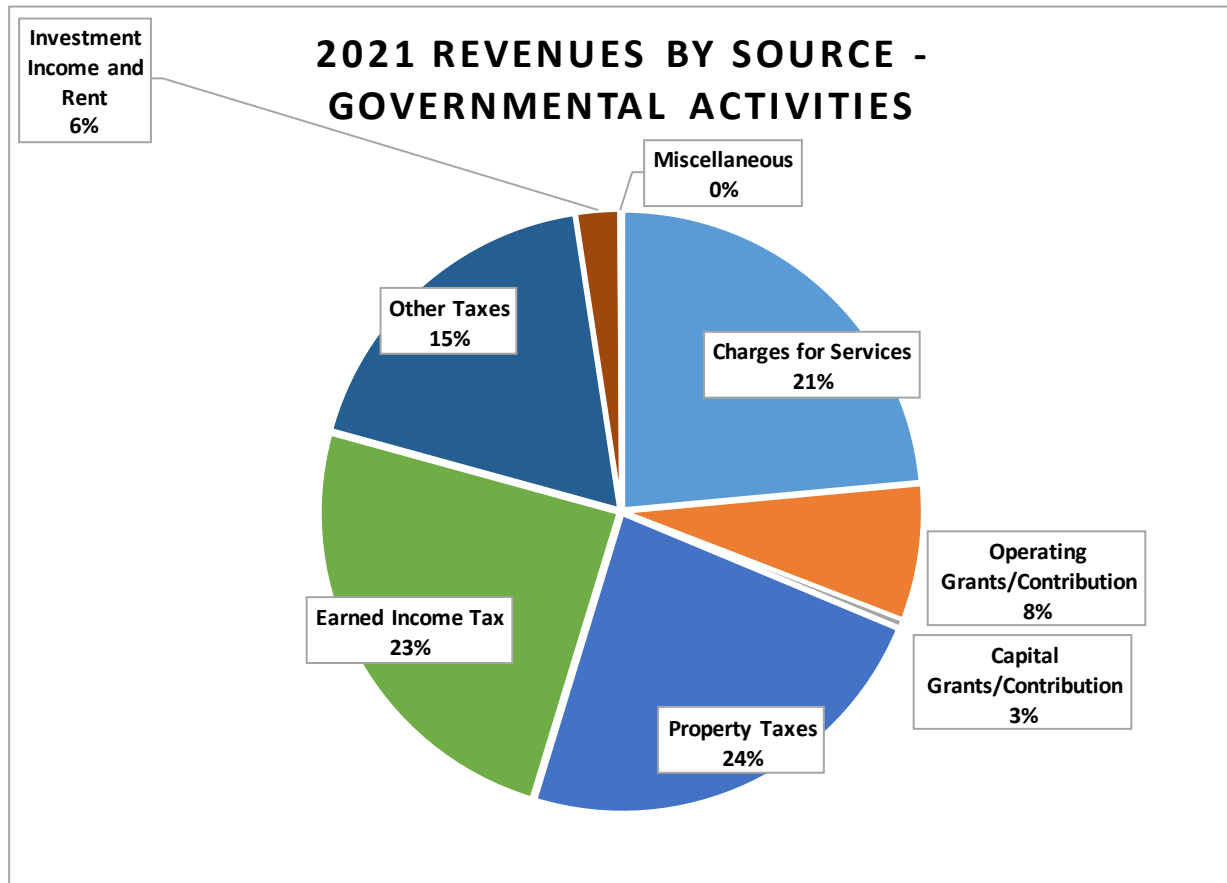
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 8,810,041 | \$ 7,657,263 | \$ 67,289 | \$ 97,406 | \$ 8,877,330 | \$ 7,754,669 |
| Operating Grants/Contributions | 2,745,995 | 2,718,105 | - | - | 2,745,995 | 2,718,105 |
| Capital Grants/Contributions | 162,437 | 686,744 | - | - | 162,437 | 686,744 |
| General Revenues | | | | | - | - |
| Property Taxes | 8,766,317 | 9,141,928 | - | - | 8,766,317 | 9,141,928 |
| Earned Income Taxes | 9,198,305 | 7,910,977 | - | - | 9,198,305 | 7,910,977 |
| Other Taxes | 6,859,597 | 3,790,869 | - | - | 6,859,597 | 3,790,869 |
| Investment Income and Rent | 866,284 | 1,601,713 | 859 | 1,703 | 867,143 | 1,603,416 |
| Miscellaneous | <u>34,905</u> | <u>426,308</u> | <u>-</u> | <u>37,703</u> | <u>34,905</u> | <u>464,011</u> |
| Total Revenues | <u>37,443,881</u> | <u>33,933,907</u> | <u>68,148</u> | <u>136,812</u> | <u>37,512,029</u> | <u>34,070,719</u> |
| Expenses: | | | | | | |
| General Government | 3,959,687 | 3,221,660 | \$ - | \$ - | \$ 3,959,687 | \$ 3,221,660 |
| Public Safety | 18,344,186 | 25,067,666 | - | - | 18,344,186 | 25,067,666 |
| Public Works | 10,210,647 | 8,180,772 | - | - | 10,210,647 | 8,180,772 |
| Parks and Recreation | 2,536,466 | 1,621,528 | - | - | 2,536,466 | 1,621,528 |
| Miscellaneous | 1,188,390 | 809,851 | - | - | 1,188,390 | 809,851 |
| Debt Service Interest | 355,405 | 554,642 | - | - | 355,405 | 554,642 |
| Unallocated Depreciation - Infrastructure | 1,305,214 | 1,320,747 | - | - | 1,305,214 | 1,320,747 |
| Business-Type Activities-Country Club | - | - | 48,049 | 188,924 | 48,049 | 188,924 |
| Business-Type Activities-Styer's Farm | - | - | <u>62,558</u> | <u>16,074</u> | <u>62,558</u> | <u>16,074</u> |
| Total Expenses | <u>37,899,995</u> | <u>40,776,866</u> | <u>110,607</u> | <u>204,998</u> | <u>38,010,602</u> | <u>40,981,864</u> |
| Change in Net Position before Transfers | (456,114) | (6,842,959) | (42,459) | (68,186) | (498,573) | (6,911,145) |
| Transfers, net | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | (456,114) | (6,842,959) | (68,186) | (68,186) | (498,573) | (6,911,145) |
| Net Position-Beginning of Year | <u>72,079,149</u> | <u>78,922,108</u> | <u>4,605,856</u> | <u>4,674,042</u> | <u>76,685,005</u> | <u>83,596,150</u> |
| Net Position-End of Year | <u>\$ 71,623,035</u> | <u>\$ 72,079,149</u> | <u>\$ 4,563,397</u> | <u>\$ 4,605,856</u> | <u>\$ 76,186,432</u> | <u>\$ 76,685,005</u> |

The following chart shows the Government-wide sources of expenditures and related program revenues for the year ended December 31, 2021:



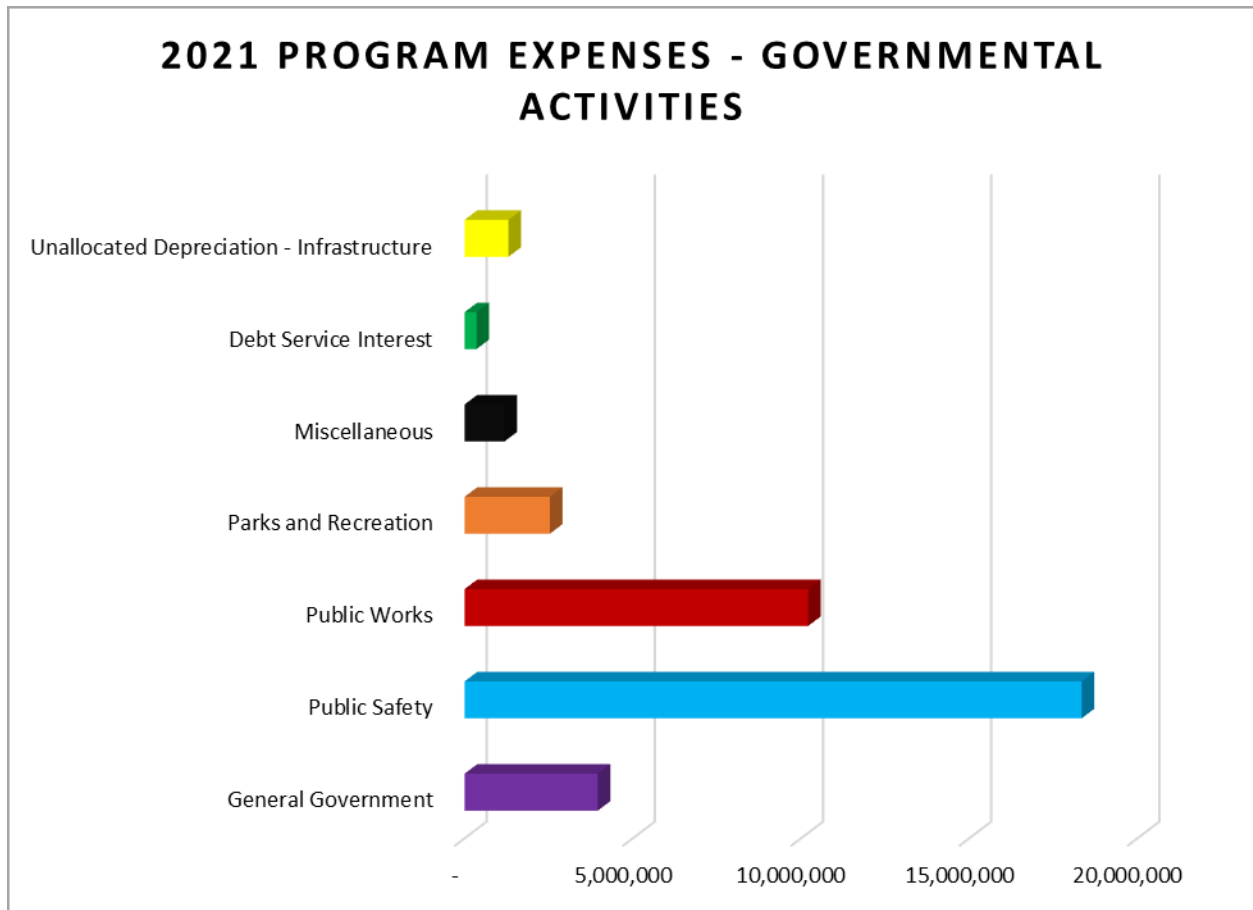
General revenues are required to support the programs. As reflected in the above chart program expenditures exceeded program revenues in all areas. General government expenditures exceeded program revenues by \$1,964,516, public safety by \$15,364,392, public works by \$3,981,847, and park and recreations by \$2,021,758.

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2021:



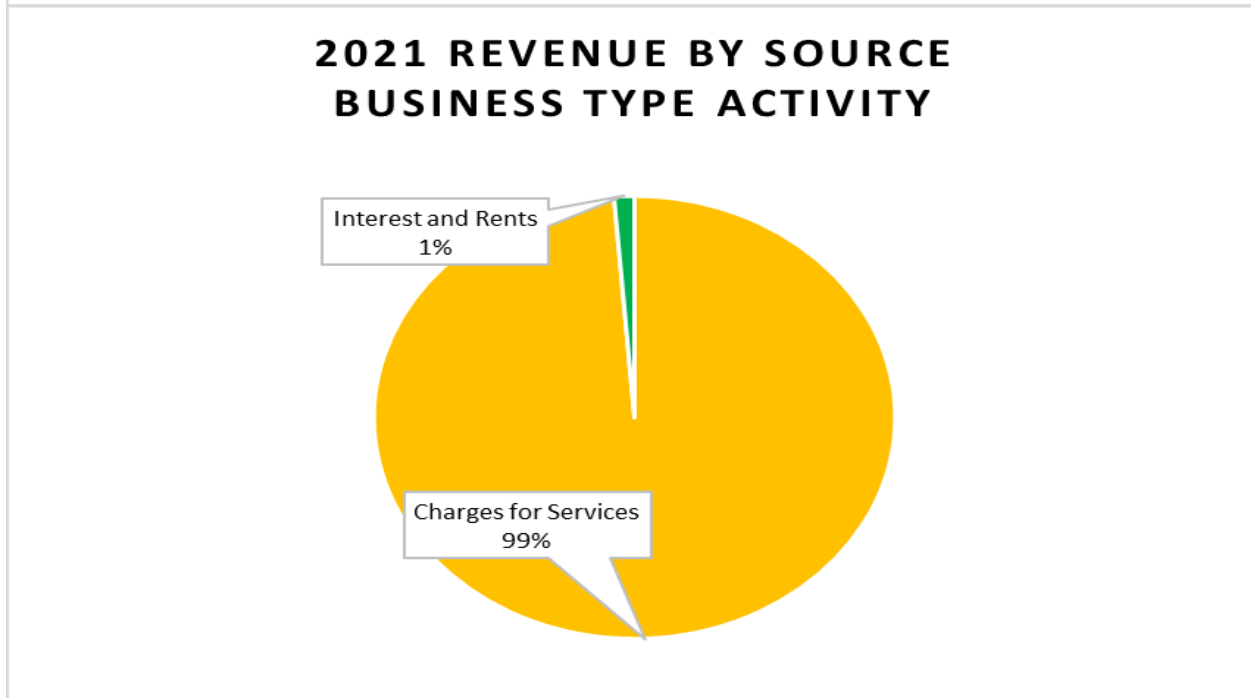
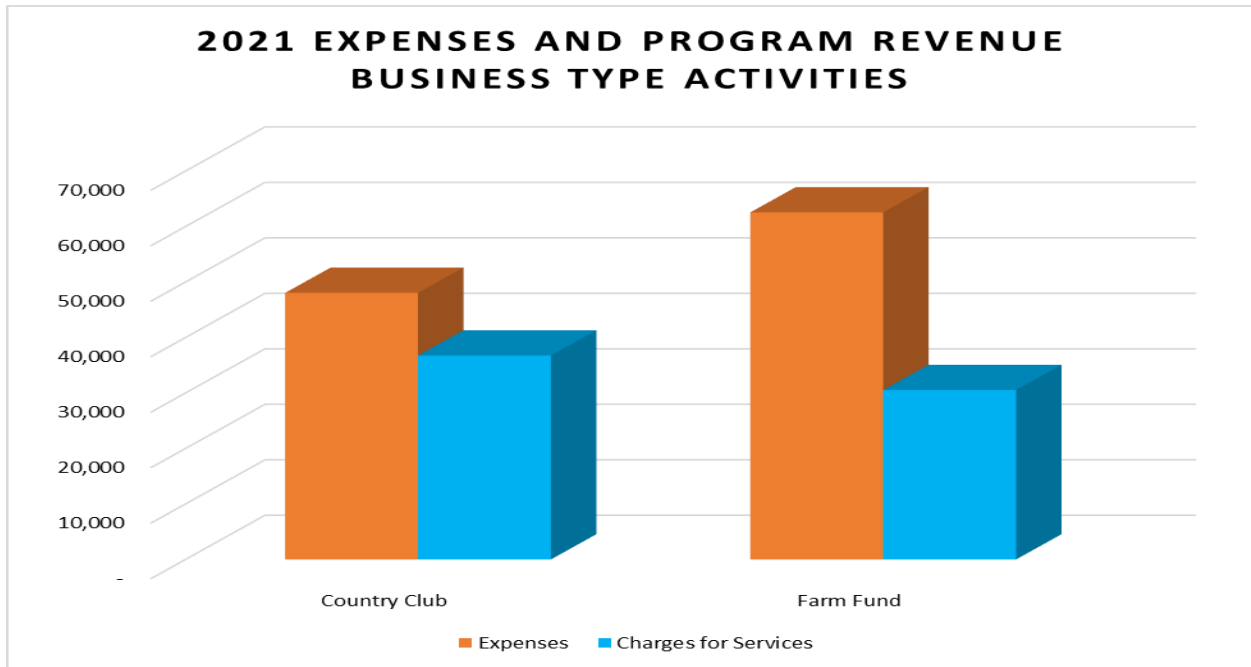
Of the total Government-wide revenues of \$37,443,881, the greatest share came from Property Taxes with revenues of \$8,766,317. The second largest revenue source is Earned Income Taxes with revenues of \$9,198,305. The Third largest revenue source is Charges for Services with revenues of \$8,810,041. 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 \$6,859,597. Operating and Capital Grants and Contributions brought in \$2,908,432. Investment income and rents netted the Township \$866,284. Miscellaneous Income amounting to \$34,905, comprise the balance of the 2021 revenues for governmental activities. Revenues increased back to pre-pandemic levels in 2021.

The following chart shows the Government-wide sources of program expenditures for the year ended December 31, 2021.



The largest share of expenditures in 2021 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 \$18,344,186 for 2021. 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 \$10,210,647 for 2021. Parks and Recreation expenditures of \$2,536,466 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 \$3,959,687 make up the third largest segment of 2021 expenditures. This category covers the costs of staffing, benefits, and other administrative costs and ancillary expenditures. Depreciation expenditures of \$1,305,214, Debt Service Interest of \$355,405, and miscellaneous expenditures of \$1,305,214 primarily insurance expenditures, round out the 2021 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, 2021:



Business-type Activities decreased the Township’s Net Position by \$42,459 during the current fiscal year. The Middletown Country Club operating revenues totaled \$36,756 with offsetting expenditures of \$48,049 for an operating loss of (\$11,293). The Styer’s Farm operating revenues totaled \$30,533 for the year with offsetting expenditures of \$62,558 for an operating loss of (\$32,3025) Total Interest and rents along with miscellaneous revenues was \$859 to make up the change in net position of (\$42,459).

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 \$60,823,479 which represents a decrease of \$1,914,076 from the previous year. The largest component of this decrease was the Capital Fund, which will be explained in more detail below.

The general fund had a total fund balance of \$8,036,819 at year end, which is a \$1,032,380 increase from the prior year. Much of this increase is due to revenues going back up to pre-pandemic levels. 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 \$44,156,576 at fiscal year-end, a decrease of \$369,769 from the prior year. This decrease is due to the Market value of assets trending down in the market overall causing a loss coupled with the increase of interest rates.

The capital reserve fund has a total fund balance of \$5,506,026 at year end, which is a \$2,393,778 decrease from the prior year. A Bond Issuance with additional money issued, occurred in 2020, while a Bond Issuance, with the sole purpose of refinancing prior debt occurred in 2021, with no additional money issued. Grant Funding also decreased year over year.

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 \$194,064 at year end 2021. The total Net Position is \$2,151,022. The Country Club is supported completely by non-tax revenues.

The unrestricted Net Position of the Styer's Farm fund is (\$123,107) at year end 2021. The total Net Position is \$2,412,375. 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 2021 Budget on December 7, 2020, 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 increased back to pre-pandemic levels and in some cases better than pre-pandemic levels.

General Fund Revenues were higher than the budgeted amounts by \$3,594,055, most notably Real Estate Transfer Taxes and Earned Income Taxes were over \$1M higher due to the booming real estate market as well as increases in residents' salaries in turn increasing receivables. Local enabling taxes (Amusement, Local Service, Mercantile, and Transfer Taxes) as well as Charges for Services also increased coming back to pre-pandemic levels.

General Fund Expenditures came in slightly higher than budgeted amounts, but were in line with incoming revenues and were needed operationally. Expenditures came in \$489,185 higher than budget.

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, 2021, the Township had \$56,242,788 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 \$2,469,164 during the 2021 fiscal year as follows: Construction in Progress - \$1,585,435, Land Improvements - \$13,268, Building and Building Improvements - \$21,585, Machinery and Equipment - \$685,350, Infrastructure - \$163,526.

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

Debt Administration

As of January 1, 2021, the Township had total outstanding long-term debt of \$45,332,812 (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, 2021 is \$39,431,608 (principal only).

In 2021, Middletown Township earned its second consecutive triple-A credit rating by Moody's, the highest possible credit rating issued by the agency. First achieved in 2019, Middletown Township is one of two municipalities in Bucks County with this rating. Moody's issued the Township a triple-A credit rating for strong management, financial health, and vibrant local economy.

Compensated absences reflect a balance of \$2,220,559 in earned vacation, vested sick pay and vested severance pay as of December 31, 2021. Compensated Absences decreased \$124,957 for the year. Net Pension Liability totaled \$3,961,510, and Net Other Post-Employment Benefits has an outstanding liability of \$13,320,380 at December 31, 2021.

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

2022 Budget Overview

This 2022 Budget includes \$39,100,325 in operating expenditures over thirteen governmental funds, reflecting a 6.6% increase from 2021's Budget. 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 2022 General Fund Budget includes expenditures of \$23,973,400 which represents a 7.3% increase over 2021's 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 2022 Middletown Township Real Estate Tax is based on an anticipated total assessed value of \$527,924,290. The proposed rate of 17.570 mills reflects no change from the 2021 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 \$8,400,000 during the 2022 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 \$1,500,000 in 2022.
- **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 2022.
- **Amusement Tax:** The Amusement tax levies a tax equal to 5% of eligible admission prices to certain places of amusement, entertainment or recreation. In 2022, \$1,400,000 is anticipated in revenue from this source.

General Fund – Expenditure Budget

- The primary expenditure category in the General Fund is Police Protection at \$12,358,500. This category is significantly impacted by salary and benefit costs for the Township’s police force. In December of 2022, 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 \$3,266,500 in 2022. This is a slight reduction from 2021.
- Other significant expenditure categories in the 2021 General Fund include Administration at \$1,799,900; Public Works at \$1,857,600; Building & Planning at \$1,012,100 and Fire Protection/Emergency Management at \$871,500.

The complete 2021 Budget is available for review on the Middletown Township website at 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 quarterly and serves in an advisory capacity on items such as investments, debt management, and capital improvement funding alternatives.

In 2021, the Township submitted four (6) applications for Project Funding totaling \$681,333 to the Bucks County Redevelopment Authority (RDA) for 2021 Pennsylvania Gaming Revenue Grants. The grants are for 2022 projects, benefiting the Middletown Community as a whole. A Summary follows:

2022 Pennsylvania Municipal Grant Program Awards

| <u>Project</u> | <u>Description</u> | <u>RDA Approved Grant Amount</u> |
|--|---------------------------|---|
| Middletown Township Police Department | Police Vehicles | \$128,536 |
| Middletown Township Public Works Department | Public Works Vehicles | \$240,076 |
| William Penn Fire Company | Chief's Vehicle | \$47,585 |
| Total | | <u><u>\$416,197</u></u> |

This financial statement takes into consideration the significant impact that the global COVID-19 pandemic has had on township finances over the past twenty-four months, and although there was much uncertainty while preparing the 2021 Budget and what the actual financial statement would look like, 2021 has proven to be a positive year financially, with strong rebounds in several key revenue sources and an unanticipated influx of state and federal funding related to pandemic recovery.

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, 2021

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| <u>ASSETS</u> | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 23,543,282 | \$ 194,254 | \$ 23,737,536 |
| Investments | 39,098,489 | - | 39,098,489 |
| Receivables | 3,768,293 | 2,655 | 3,770,948 |
| Other assets | 247,984 | 25,000 | 272,984 |
| Total Current Assets | <u>66,658,048</u> | <u>221,909</u> | <u>66,879,957</u> |
| Capital Assets (net of accumulated depreciation) | | | |
| Land | 8,327,435 | 195,489 | 8,522,924 |
| Construction in progress | 1,389,946 | - | 1,389,946 |
| Depreciable capital assets, net | <u>42,032,967</u> | <u>4,296,951</u> | <u>46,329,918</u> |
| Total Capital Assets (net) | <u>51,750,348</u> | <u>4,492,440</u> | <u>56,242,788</u> |
| Total Assets | <u>118,408,396</u> | <u>4,714,349</u> | <u>123,122,745</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Police Pension related | 263,385 | - | 263,385 |
| Non-Uniformed Pension related | 267,652 | - | 267,652 |
| OPEB related | 562,197 | - | 562,197 |
| Total Deferred Outflows of Resources | <u>1,093,234</u> | <u>-</u> | <u>1,093,234</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 119,501,630</u> | <u>\$ 4,714,349</u> | <u>\$ 124,215,979</u> |

(continued)

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 508,147 | \$ 1,588 | \$ 509,735 |
| Accrued salaries and benefits | 476,131 | - | 476,131 |
| Deposits and refunds | 252,963 | - | 252,963 |
| Due to other governments | 74,013 | - | 74,013 |
| Accrued interest payable | 157,320 | - | 157,320 |
| Bonds and notes payable, current maturity | 1,955,000 | - | 1,955,000 |
| Notes payable, current maturity | 108,310 | - | 108,310 |
| Leases payable, current maturity | 16,938 | - | 16,938 |
| Compensated absences, current maturity | 124,590 | - | 124,590 |
| Total Current Liabilities | <u>3,673,412</u> | <u>1,588</u> | <u>3,675,000</u> |
| Long-term Liabilities | | | |
| Internal advances balance | (149,364) | 149,364 | - |
| Bonds and notes payable, net of current maturity | 17,176,790 | - | 17,176,790 |
| Notes payable, net of current maturity | 654,271 | - | 654,271 |
| Leases payable, net of current maturity | 17,850 | - | 17,850 |
| Compensated absences, net of current maturity | 2,095,969 | - | 2,095,969 |
| Net pension liability | 3,961,510 | - | 3,961,510 |
| Other post-employment benefits liability | 13,320,380 | - | 13,320,380 |
| Total Long-term Liabilities | <u>37,077,406</u> | <u>149,364</u> | <u>37,226,770</u> |
| Total Liabilities | <u>40,750,818</u> | <u>150,952</u> | <u>40,901,770</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - intergovernmental revenues | 2,353,278 | - | 2,353,278 |
| Deferred revenue - special assessments | 229,401 | - | 229,401 |
| Unamortized deferred gain on refunding | 363,037 | - | 363,037 |
| Police Pension related | 3,228,391 | - | 3,228,391 |
| Non-Uniformed Pension related | 814,647 | - | 814,647 |
| OPEB related | 139,023 | - | 139,023 |
| Total Deferred Inflows of Resources | <u>7,127,777</u> | <u>-</u> | <u>7,127,777</u> |
| NET POSITION | | | |
| Net investment in capital assets | 36,934,898 | 4,492,440 | 41,427,338 |
| Restricted for: | | | |
| Street lighting | 699,449 | - | 699,449 |
| Road machinery | 433,726 | - | 433,726 |
| Fire and ambulance | 46,926 | - | 46,926 |
| Police | 198,081 | - | 198,081 |
| Streets and highway | 809,888 | - | 809,888 |
| Debt service | 437,385 | - | 437,385 |
| Unrestricted | <u>32,062,682</u> | <u>70,957</u> | <u>32,133,639</u> |
| Total Net Position | <u>71,623,035</u> | <u>4,563,397</u> | <u>76,186,432</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 119,501,630</u> | <u>\$ 4,714,349</u> | <u>\$ 124,215,979</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, 2021

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 3,959,687 | \$ 1,207,328 | \$ 784,743 | \$ 3,100 | \$ (1,964,516) | \$ - | \$ (1,964,516) |
| Public safety | 18,344,186 | 2,326,920 | 533,227 | 119,647 | (15,364,392) | - | (15,364,392) |
| Public works | 10,210,647 | 4,988,041 | 1,240,759 | - | (3,981,847) | - | (3,981,847) |
| Parks and recreation | 2,536,466 | 287,752 | 187,266 | 39,690 | (2,021,758) | - | (2,021,758) |
| Miscellaneous | 1,188,390 | - | - | - | (1,188,390) | - | (1,188,390) |
| Debt service interest | 355,405 | - | - | - | (355,405) | - | (355,405) |
| Unallocated depreciation expense | 1,305,214 | - | - | - | (1,305,214) | - | (1,305,214) |
| Total Governmental Activities | 37,899,995 | 8,810,041 | 2,745,995 | 162,437 | (26,181,522) | - | (26,181,522) |
| Business - Type Activities | | | | | | | |
| Country club | 48,049 | 36,756 | - | - | - | (11,293) | (11,293) |
| Farm fund | 62,558 | 30,533 | - | - | - | (32,025) | (32,025) |
| Total Business - Type Activities | 110,607 | 67,289 | - | - | - | (43,318) | (43,318) |
| Total Primary Government | \$ 38,010,602 | \$ 8,877,330 | \$ 2,745,995 | \$ 162,437 | (26,181,522) | (43,318) | (26,224,840) |
| General Revenues | | | | | | | |
| Property taxes, levied for general purposes | | | | | 8,766,317 | - | 8,766,317 |
| Earned income tax | | | | | 9,198,305 | - | 9,198,305 |
| Amusement tax | | | | | 1,509,645 | - | 1,509,645 |
| Local services taxes | | | | | 1,019,829 | - | 1,019,829 |
| Mercantile tax | | | | | 1,265,203 | - | 1,265,203 |
| Real estate transfer tax | | | | | 2,591,620 | - | 2,591,620 |
| Parking transaction fee | | | | | 278,048 | - | 278,048 |
| Other taxes | | | | | 195,252 | - | 195,252 |
| Interest and rents | | | | | 866,284 | 859 | 867,143 |
| Miscellaneous revenues | | | | | 34,296 | - | 34,296 |
| Gain on Sale of Capital Assets | | | | | 609 | - | 609 |
| Total General Revenues and Transfers | | | | | 25,725,408 | 859 | 25,726,267 |
| Change in Net Position | | | | | (456,114) | (42,459) | (498,573) |
| Net Position - Beginning | | | | | 72,079,149 | 4,605,856 | 76,685,005 |
| Net Position - Ending | | | | | \$ 71,623,035 | \$ 4,563,397 | \$ 76,186,432 |

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

TOWNSHIP OF MIDDLETOWN

BALANCE SHEET -
GOVERNMENTAL FUNDS

December 31, 2021

| | General | Investment Fund | Capital Reserve | Other Governmental Funds | Total Governmental Funds |
|---|---------------|--------------------|--------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 9,989,620 | \$ 5,016,466 | \$ 5,476,746 | \$ 3,060,450 | \$ 23,543,282 |
| Investments | - | 39,098,489 | - | - | 39,098,489 |
| Receivables | 1,586,555 | 57,777 | 30,689 | 3,272 | 1,678,293 |
| Deposit | - | 247,984 | - | - | 247,984 |
| Advances from other funds | - | - | - | 149,364 | 149,364 |
| Total Assets | \$ 11,576,175 | \$ 44,420,716 | \$ 5,507,435 | \$ 3,213,086 | \$ 64,717,412 |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 461,553 | \$ - | \$ 1,409 | \$ 45,185 | \$ 508,147 |
| Accrued salaries and benefits | 434,633 | - | - | 41,498 | 476,131 |
| Deposits and refunds | 53,059 | 199,904 | - | - | 252,963 |
| Due to other governments | 9,777 | 64,236 | - | - | 74,013 |
| Total Liabilities | 959,022 | 264,140 | 1,409 | 86,683 | 1,311,254 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Unavailable revenue - intergovernmental revenues | 2,353,278 | - | - | - | 2,353,278 |
| Unavailable revenue - special assessments | 227,056 | - | - | 2,345 | 229,401 |
| Total Deferred Inflows of Resources | 2,580,334 | - | - | 2,345 | 2,582,679 |
| <u>FUND BALANCES</u> | | | | | |
| Restricted: | | | | | |
| Street lighting | - | - | - | 699,449 | 699,449 |
| Road machinery | - | - | - | 433,726 | 433,726 |
| Fire and ambulance | - | - | - | 46,926 | 46,926 |
| Police | 160,188 | - | - | 37,893 | 198,081 |
| Streets and highways | - | - | - | 809,888 | 809,888 |
| Debt service | - | - | - | 437,385 | 437,385 |
| Committed: | | | | | |
| Culture and recreation | - | - | - | 503,205 | 503,205 |
| Other post employment benefits | 435,782 | - | - | - | 435,782 |
| Assigned: | | | | | |
| Operations | - | 5,156,576 | - | - | 5,156,576 |
| Emergency reserve | - | 39,000,000 | - | - | 39,000,000 |
| Capital projects | - | - | 5,506,026 | 155,586 | 5,661,612 |
| Unassigned | 7,440,849 | - | - | - | 7,440,849 |
| Total Fund Balances | 8,036,819 | 44,156,576 | 5,506,026 | 3,124,058 | 60,823,479 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 11,576,175 | \$ 44,420,716 | \$ 5,507,435 | \$ 3,213,086 | \$ 64,717,412 |

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, 2021

| | | |
|---|---------------------|----------------------|
| TOTAL GOVERNMENTAL FUND BALANCES | | \$ 60,823,479 |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.</p> | | |
| Cost of capital assets | \$ 134,750,111 | |
| Accumulated depreciation | <u>(82,999,763)</u> | 51,750,348 |
| <p>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.</p> | | |
| Earned income tax receivables | <u>2,090,000</u> | 2,090,000 |
| <p>Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p> | | |
| Deferred outflow of resources for Police Pension | 263,385 | |
| Deferred outflow of resources for Non-Uniformed Pension | 267,652 | |
| Deferred inflow of resources for Police Pension | (3,228,391) | |
| Deferred inflow of resources for Non-Uniformed Pension | (814,647) | |
| Deferred inflow of resources for OPEB | <u>423,174</u> | (3,088,827) |
| <p>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:</p> | | |
| Accrued interest on bonds | (157,320) | |
| Bonds, notes, and leases payable | (17,647,369) | |
| Unamortized bond premiums | (2,281,790) | |
| Unamortized deferred loss on refunding | (363,037) | |
| Compensated absences | (2,220,559) | |
| Net pension liability | (3,961,510) | |
| Other post employment benefits liability | <u>(13,320,380)</u> | <u>(39,951,965)</u> |
| TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u>\$ 71,623,035</u> |

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, 2021

| | <u>General</u> | <u>Investment Fund</u> | <u>Capital Reserve</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|----------------------------|----------------------------|---|---|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property | \$ 3,876,353 | \$ - | \$ - | \$ 5,333,992 | \$ 9,210,345 |
| Earned income | 9,082,305 | - | - | - | 9,082,305 |
| Amusement | 1,509,645 | - | - | - | 1,509,645 |
| Local service | 1,019,829 | - | - | - | 1,019,829 |
| Mercantile | 1,265,203 | - | - | - | 1,265,203 |
| Real estate transfer | 2,591,620 | - | - | - | 2,591,620 |
| Parking transaction | 278,048 | - | - | - | 278,048 |
| Per Capita | 149,262 | - | - | - | 149,262 |
| Mechanical devices | 45,990 | - | - | - | 45,990 |
| Fees, licenses and permits | 1,064,782 | - | 10,102 | - | 1,074,884 |
| Fines and forfeitures | 109,993 | - | - | - | 109,993 |
| Investment income and rent | 151,750 | 679,744 | 11,704 | 22,559 | 865,757 |
| Intergovernmental revenues | 957,405 | - | 162,436 | 1,529,324 | 2,649,165 |
| Charges for services | 7,281,532 | - | - | 287,822 | 7,569,354 |
| Contributions private sources | 72,000 | - | - | 6,400 | 78,400 |
| Gain (loss) on investments | - | (1,004,417) | - | - | (1,004,417) |
| Other | 29,804 | - | 180,866 | 4,492 | 215,162 |
| Total Revenues | <u>29,485,521</u> | <u>(324,673)</u> | <u>365,108</u> | <u>7,184,589</u> | <u>36,710,545</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 2,547,596 | 45,096 | - | - | 2,592,692 |
| Public safety | 17,056,751 | - | - | 1,441,639 | 18,498,390 |
| Public works | 6,610,672 | - | - | 1,644,746 | 8,255,418 |
| Parks and recreation | - | - | - | 1,465,936 | 1,465,936 |
| Miscellaneous | 1,188,390 | - | - | - | 1,188,390 |
| Debt service: | | | | | |
| Principal | 20,341 | - | 7,664 | 1,882,158 | 1,910,163 |
| Interest | - | - | 275 | 662,239 | 662,514 |
| Paid to fiscal agent | - | - | - | 780 | 780 |
| Capital outlay/development | - | - | 4,157,179 | - | 4,157,179 |
| Total Expenditures | <u>27,423,750</u> | <u>45,096</u> | <u>4,165,118</u> | <u>7,097,498</u> | <u>38,731,462</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | <u>2,061,771</u> | <u>(369,769)</u> | <u>(3,800,010)</u> | <u>87,091</u> | <u>(2,020,917)</u> |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from sale of capital assets | 609 | - | - | - | 609 |
| Refunding bonds | - | - | 6,260,000 | - | 6,260,000 |
| Bond premiums | - | - | 1,157,232 | - | 1,157,232 |
| Payment to refunded bond escrow agent | - | - | (7,311,000) | - | (7,311,000) |
| Transfers in | - | - | 1,300,000 | 159,500 | 1,459,500 |
| Transfers out | (1,030,000) | - | - | (429,500) | (1,459,500) |
| Total Other Financing Sources (Uses) | <u>(1,029,391)</u> | <u>-</u> | <u>1,406,232</u> | <u>(270,000)</u> | <u>106,841</u> |
| Net Change in Fund Balance | <u>1,032,380</u> | <u>(369,769)</u> | <u>(2,393,778)</u> | <u>(182,909)</u> | <u>(1,914,076)</u> |
| Fund Balance - Beginning | <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> |
| Fund Balance - Ending | <u>\$ 8,036,819</u> | <u>\$ 44,156,576</u> | <u>\$ 5,506,026</u> | <u>\$ 3,124,058</u> | <u>\$ 60,823,479</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, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,914,076)

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 | \$ 2,273,675 | |
| Depreciation expense | <u>(3,735,270)</u> | (1,461,595) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (272,218)

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 | (6,260,000) | |
| Premiums and discounts on bonds issued | (1,157,232) | |
| Bonds refunded | (7,230,000) | |
| Amortization of premiums, discounts, and losses | 382,293 | |
| Repayment of debt | <u>16,370,225</u> | 2,105,286 |

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 | 124,957 | |
| Net pension liability and deferred items | 1,652,650 | |
| Other post employment benefits liability | (821,884) | |
| Interest expense | <u>130,766</u> | <u>1,086,489</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (456,114)

TOWNSHIP OF MIDDLETOWN

GENERAL FUND

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

For the Year Ended December 31, 2021

| | <u>GENERAL FUND</u> | | |
|--|--------------------------------------|---------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>ACTUAL</u> | <u>Variance with Final Budget</u> |
| Revenues | | | |
| Taxes | | | |
| Property | \$ 3,855,000 | \$ 3,876,353 | \$ 21,353 |
| Earned income | 8,000,000 | 9,082,305 | 1,082,305 |
| Amusement | 1,160,000 | 1,509,645 | 349,645 |
| Local service | 1,000,000 | 1,019,829 | 19,829 |
| Mercantile | 1,175,000 | 1,265,203 | 90,203 |
| Real estate transfer | 1,400,000 | 2,591,620 | 1,191,620 |
| Parking transaction | 225,000 | 278,048 | 53,048 |
| Per Capita | 138,000 | 149,262 | 11,262 |
| Mechanical devices | 45,000 | 45,990 | 990 |
| Fees, licenses and permits | 1,065,000 | 1,064,782 | (218) |
| Investment income and rent | 133,000 | 151,750 | 18,750 |
| Intergovernmental revenues | 1,004,000 | 957,405 | (46,595) |
| Fines and forfeitures | 123,000 | 109,993 | (13,007) |
| Charges for services | 6,566,466 | 7,281,532 | 715,066 |
| Contributions private sources | 1,000 | 72,000 | 71,000 |
| Other | <u>1,000</u> | <u>29,804</u> | <u>28,804</u> |
| Total Revenues | <u>25,891,466</u> | <u>29,485,521</u> | <u>3,594,055</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 2,473,600 | 2,547,596 | (73,996) |
| Public safety | 16,611,400 | 17,056,751 | (445,351) |
| Public works | 6,308,565 | 6,610,672 | (302,107) |
| Parks and recreation | 5,000 | - | 5,000 |
| Miscellaneous | 1,536,000 | 1,188,390 | 347,610 |
| Debt service: | | | |
| Principal | <u>-</u> | <u>20,341</u> | <u>(20,341)</u> |
| Total Expenditures | <u>26,934,565</u> | <u>27,423,750</u> | <u>(489,185)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(1,043,099)</u> | <u>2,061,771</u> | <u>3,104,870</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital assets | 5,000 | 609 | (4,391) |
| Transfers in | 1,110,000 | - | (1,110,000) |
| Transfers out | <u>(30,000)</u> | <u>(1,030,000)</u> | <u>(1,000,000)</u> |
| Total Other Financing Sources (Uses) | <u>1,085,000</u> | <u>(1,029,391)</u> | <u>(2,114,391)</u> |
| Net Change in Fund Balance | 41,901 | 1,032,380 | 990,479 |
| Fund Balance - Beginning | <u>7,004,439</u> | <u>7,004,439</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 7,046,340</u> | <u>\$ 8,036,819</u> | <u>\$ 990,479</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, 2021

| | <u>INVESTMENT FUND</u> | | |
|--|--------------------------------------|----------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>ACTUAL</u> | <u>Variance with Final Budget</u> |
| Revenues | | | |
| Investment income and rent | \$ 900,500 | \$ 679,744 | \$ (220,756) |
| Gain (loss) on investments | <u>-</u> | <u>(1,004,417)</u> | <u>(1,004,417)</u> |
| Total Revenues | <u>900,500</u> | <u>(324,673)</u> | <u>(1,225,173)</u> |
| Expenditures | | | |
| Current: | | | |
| General government | <u>40,000</u> | <u>45,096</u> | <u>(5,096)</u> |
| Total Expenditures | <u>40,000</u> | <u>45,096</u> | <u>(5,096)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>860,500</u> | <u>(369,769)</u> | <u>(1,230,269)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | <u>(1,110,000)</u> | <u>-</u> | <u>1,110,000</u> |
| Total Other Financing Sources | <u>(1,110,000)</u> | <u>-</u> | <u>1,110,000</u> |
| Net Change in Fund Balance | (249,500) | (369,769) | (120,269) |
| Fund Balance - Beginning | <u>44,526,345</u> | <u>44,526,345</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 44,276,845</u> | <u>\$ 44,156,576</u> | <u>\$ (120,269)</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, 2021

| | <u>Country Club</u> | <u>Farm Fund</u> | <u>Total</u> |
|--|-------------------------|----------------------|---------------------|
| <u>ASSETS</u> | | | |
| Current Assets | | | |
| Cash | \$ 169,064 | \$ 25,190 | \$ 194,254 |
| Accounts receivable | - | 2,655 | 2,655 |
| Other assets | 25,000 | - | 25,000 |
| Total Current Assets | <u>194,064</u> | <u>27,845</u> | <u>221,909</u> |
| Capital Assets (net of accumulated depreciation) | | | |
| Land | - | 195,489 | 195,489 |
| Depreciable capital assets, net | <u>1,956,958</u> | <u>2,339,993</u> | <u>4,296,951</u> |
| Total capital assets (net) | <u>1,956,958</u> | <u>2,535,482</u> | <u>4,492,440</u> |
| Total Assets | <u>\$ 2,151,022</u> | <u>\$ 2,563,327</u> | <u>\$ 4,714,349</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities | | | |
| Accounts payable | \$ - | \$ 1,588 | \$ 1,588 |
| Noncurrent | | | |
| Advances to other funds | - | 149,364 | 149,364 |
| Total Liabilities | <u>-</u> | <u>150,952</u> | <u>150,952</u> |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 1,956,958 | 2,535,482 | 4,492,440 |
| Unrestricted | <u>194,064</u> | <u>(123,107)</u> | <u>70,957</u> |
| Total Net Position | <u>2,151,022</u> | <u>2,412,375</u> | <u>4,563,397</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 2,151,022</u> | <u>\$ 2,563,327</u> | <u>\$ 4,714,349</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, 2021

| | <u>Country Club</u> | <u>Farm Fund</u> | <u>Total</u> |
|---------------------------------------|-------------------------|----------------------|---------------------|
| Operating Revenues | | | |
| Charges for services | | | |
| Licensing fees | \$ 36,756 | \$ 22,133 | \$ 58,889 |
| Rent | - | 8,400 | 8,400 |
| Total Operating Revenues | <u>36,756</u> | <u>30,533</u> | <u>67,289</u> |
| Operating Expenses | | | |
| Park and recreation | - | 53,590 | 53,590 |
| Depreciation | 48,049 | 8,968 | 57,017 |
| Total Operating Expenses | <u>48,049</u> | <u>62,558</u> | <u>110,607</u> |
| Operating Income (Loss) | <u>(11,293)</u> | <u>(32,025)</u> | <u>(43,318)</u> |
| Nonoperating Revenues (Expense) | | | |
| Interest income | 411 | 448 | 859 |
| Total Nonoperating Revenues (Expense) | <u>411</u> | <u>448</u> | <u>859</u> |
| Changes in Net Position | (10,882) | (31,577) | (42,459) |
| Total Net Position - Beginning | <u>2,161,904</u> | <u>2,443,952</u> | <u>4,605,856</u> |
| Total Net Position - Ending | <u>\$ 2,151,022</u> | <u>\$ 2,412,375</u> | <u>\$ 4,563,397</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, 2021

| | <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 | \$ 36,756 | \$ 41,056 | \$ 77,812 |
| Cash paid to suppliers | <u>-</u> | <u>(52,241)</u> | <u>(52,241)</u> |
| Net cash provided by (used in) operating activities | <u>36,756</u> | <u>(11,185)</u> | <u>25,571</u> |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | <u>-</u> | <u>(195,489)</u> | <u>(195,489)</u> |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>(195,489)</u> | <u>(195,489)</u> |
| Cash flows from investing activities | | | |
| Earnings on investments | <u>411</u> | <u>448</u> | <u>859</u> |
| Net cash provided by (used in) investing activities | <u>411</u> | <u>448</u> | <u>859</u> |
| Net increase (decrease) in cash and cash equivalents | 37,167 | (206,226) | (169,059) |
| Beginning cash and cash equivalents | <u>131,897</u> | <u>231,416</u> | <u>363,313</u> |
| Ending cash and cash equivalents | <u>\$ 169,064</u> | <u>\$ 25,190</u> | <u>\$ 194,254</u> |

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

| | | | |
|---|------------------|--------------------|------------------|
| Net operating income (loss) | \$ (11,293) | \$ (32,025) | \$ (43,318) |
| Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities | | | |
| Depreciation | 48,049 | 8,968 | 57,017 |
| Changes in assets and liabilities | | | |
| (Increase) decrease in receivables | - | 10,523 | 10,523 |
| Increase (decrease) in payables | <u>-</u> | <u>1,349</u> | <u>1,349</u> |
| Net adjustments | <u>48,049</u> | <u>20,840</u> | <u>68,889</u> |
| Cash provided (used) by operating activities | <u>\$ 36,756</u> | <u>\$ (11,185)</u> | <u>\$ 25,571</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, 2021

| | <u>Pension</u> <u>Trust Funds</u> | <u>Custodial</u> <u>Funds</u> <u>Township</u> <u>Escrow</u> |
|--------------------------------|--------------------------------------|--|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 9,555,253 | \$ 1,359,876 |
| Prepaid expenses | 243,682 | - |
| Receivables: | | |
| Accrued interest | 143,278 | - |
| Other receivables | <u>13,402</u> | <u>-</u> |
| Total Receivables | <u>156,680</u> | <u>-</u> |
| Investments, at fair value: | | |
| U.S. government obligations | 4,421,802 | - |
| Government sponsored mortgages | 1,193,098 | - |
| Corporate obligations | 5,285,961 | - |
| Municipal obligations | 6,277,350 | - |
| Asset backed and mortgages | 3,363,849 | - |
| Mutual funds-equity | 1,391,839 | - |
| Mutual funds-debt | 2,263,527 | - |
| Stock equities | 36,582,432 | - |
| International stock | 470,802 | - |
| Real estate securities | <u>10,285</u> | <u>-</u> |
| Total investments | <u>61,260,945</u> | <u>-</u> |
| Total Assets | <u>\$ 71,216,560</u> | <u>\$ 1,359,876</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | <u>\$ 102,428</u> | <u>\$ -</u> |
| Total Liabilities | <u>102,428</u> | <u>-</u> |
| <u>NET POSITION</u> | | |
| Net Position - Restricted for: | | |
| Pension benefits | 71,114,132 | - |
| Custodial Funds | <u>-</u> | <u>1,359,876</u> |
| Total Net Position | <u>\$ 71,114,132</u> | <u>\$ 1,359,876</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, 2021

| | <u>Pension</u> <u>Trust Funds</u> | <u>Custodial</u> <u>Funds</u> <u>Township</u> <u>Escrow</u> |
|--|--------------------------------------|--|
| Additions | | |
| Contributions | | |
| Employee contributions | \$ 558,788 | \$ - |
| Employer contributions | 3,043,965 | - |
| State aid | 705,200 | - |
| Escrow receipts | - | 2,041,483 |
| Total Contributions | <u>4,307,953</u> | <u>2,041,483</u> |
| Investment Income | | |
| Net appreciation (depreciation) in fair value of investments | 5,981,966 | - |
| Interest and dividend income | 1,180,062 | - |
| Total investment earnings | <u>7,162,028</u> | <u>-</u> |
| Total Additions | <u>11,469,981</u> | <u>2,041,483</u> |
| Deductions | | |
| Benefits | 4,258,852 | - |
| Administrative expenses | 511,277 | - |
| Escrow disbursements | - | 1,926,654 |
| Total Deductions | <u>4,770,129</u> | <u>1,926,654</u> |
| Change in Net Position | 6,699,852 | 114,829 |
| Net Position - Restricted for Pension Benefits and Custodial Funds: | | |
| Beginning of Year (Restated) | <u>64,414,280</u> | <u>1,245,047</u> |
| End of Year | <u>\$ 71,114,132</u> | <u>\$ 1,359,876</u> |

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies

Nature of Entity

Middletown Township, County of Bucks, Commonwealth of Pennsylvania, (the "Township") was founded in 1692. The Township is a second class township and is governed by an elected board of five supervisors and a board-appointed Township Manager. 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, 2021

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 area aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate column is 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, 2021

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, 2021

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, 2021

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, 2021

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 an expenditure occurs, and 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, 2021

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, 2021, expenditures exceeded budget in the General Fund in general government, public safety, and public works by \$73,996, \$445,351, and \$302,107, respectively. For the Investment Fund expenditures exceeded budget by \$5,096. 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, 2021

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 liened 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 2021 budget:

| | <u>Mills</u> |
|----------------------|---------------|
| General | 7.325 |
| Street Lighting | 0.788 |
| Fire Protection | 1.545 |
| Park and Recreation | 1.920 |
| Ambulance and Rescue | 0.440 |
| Debt Service | 5.145 |
| Fire Hydrant | 0.107 |
| Road Machinery | <u>0.300</u> |
| | <u>17.570</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, 2021

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's 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, 2021

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, 2021

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, 2021

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* 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 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, 2021

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 – intergovernmental revenues, 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, 2021

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, 2021

B. Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2021:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Maturity (Years)</u> |
|---------------------------------------|----------------------|----------------------|---------------------|-----------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Externally Pooled Investments (PLGIT) | \$ 4,114,140 | \$ - | \$ 4,114,140 | 0 |
| PA Treasury Invest Community Pool | 12,767 | - | 12,767 | 0 |
| U.S. Government Obligations | 33,113,094 | 33,113,094 | - | 5.51 |
| Foreign Obligations | 4,910,689 | 4,910,689 | - | 0.34 |
| Certificates of Deposit | 1,074,706 | 1,074,706 | - | 0.02 |
| | <u>\$ 43,225,396</u> | <u>\$ 39,098,489</u> | <u>\$ 4,126,907</u> | |
| FIDUCIARY FUNDS | | | | |
| U.S. Government Obligations | \$ 4,421,802 | \$ 4,421,802 | \$ - | 4.62 |
| Government Sponsored Mortgages | 1,193,098 | 1,193,098 | - | 26.58 |
| Corporate Obligations | 5,285,961 | 5,285,961 | - | 14.48 |
| Municipal Obligations | 6,277,350 | 6,277,350 | - | 3.54 |
| Asset Backed and Mortgages | 3,363,849 | 3,363,849 | - | 27.98 |
| Mutual Funds-Equity | 1,391,839 | 1,391,839 | - | Not applicable |
| Mutual Funds-Debt | 2,263,527 | 2,263,527 | - | Not applicable |
| Stock Equities | 36,582,432 | 36,582,432 | - | Not applicable |
| International Stock | 470,802 | 470,802 | - | Not applicable |
| Real Estate Securities | 10,285 | 10,285 | - | Not applicable |
| | <u>\$ 61,260,945</u> | <u>\$ 61,260,945</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, 2021, the Township's bank balance was \$21,988,199. Of that balance, \$17,361,293 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, 2021

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&P Rating</u> | | <u>Moody's Rating</u> | |
|---------------------------------------|----------------------|-----------------------|----------------------|-----------------------|---------------------|
| | | AAAm | Aaa-A3 | Baa1-B3 | Not rated |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Externally Pooled Investments (PLGIT) | \$ 4,114,140 | \$ 4,114,140 | \$ - | \$ - | \$ - |
| PA Treasury Invest Community Pool | 12,767 | 12,767 | - | - | - |
| U.S. Government Obligations | 33,113,094 | - | 23,203,160 | - | 9,909,934 |
| Foreign Obligations | <u>4,910,689</u> | <u>-</u> | <u>4,910,689</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 42,150,690</u> | <u>\$ 4,126,907</u> | <u>\$ 28,113,849</u> | <u>\$ -</u> | <u>\$ 9,909,934</u> |
| FIDUCIARY FUNDS | | | | | |
| Government Sponsored Mortgages | \$ 1,193,098 | \$ - | \$ - | \$ - | \$ 1,193,098 |
| Corporate Obligations | 5,285,961 | - | 3,588,010 | 1,528,413 | 169,538 |
| Municipal Obligations | 6,277,350 | - | 5,522,275 | - | 755,075 |
| Asset Backed and Mortgages | <u>3,363,849</u> | <u>-</u> | <u>182,203</u> | <u>-</u> | <u>3,181,646</u> |
| | <u>\$ 16,120,258</u> | <u>\$ -</u> | <u>\$ 9,292,488</u> | <u>\$ 1,528,413</u> | <u>\$ 5,299,357</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, 2021, the Township had 3 bond investments that individually each exceeded 5% of the total investments.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, \$1,359,876 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 | \$ 1,285,921 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,285,921 |
| Special assessment | 45,313 | - | - | - | - | - | 45,313 |
| Accounts receivable | 255,321 | - | 30,689 | 2,655 | - | 3,272 | 291,937 |
| Accrued interest | - | 57,777 | - | - | 143,278 | - | 201,055 |
| Other receivables | - | - | - | - | 13,402 | - | 13,402 |
| Total Receivables | <u>\$ 1,586,555</u> | <u>\$ 57,777</u> | <u>\$ 30,689</u> | <u>\$ 2,655</u> | <u>\$ 156,680</u> | <u>\$ 3,272</u> | <u>\$ 1,837,628</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

D. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,327,435 | \$ - | \$ - | \$ 8,327,435 |
| Construction in progress | - | 1,389,946 | - | 1,389,946 |
| Total capital assets, not being depreciated | <u>8,327,435</u> | <u>1,389,946</u> | <u>-</u> | <u>9,717,381</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 7,481,597 | 13,268 | - | 7,494,865 |
| Building and building improvements | 20,998,003 | 21,585 | - | 21,019,588 |
| Machinery and equipment | 13,655,068 | 685,350 | - | 14,340,418 |
| Infrastructure | <u>82,014,333</u> | <u>163,526</u> | <u>-</u> | <u>82,177,859</u> |
| Total capital assets being depreciated | <u>124,149,001</u> | <u>883,729</u> | <u>-</u> | <u>125,032,730</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 4,939,977 | 256,359 | - | 5,196,336 |
| Building and building improvements | 7,736,831 | 619,667 | - | 8,356,498 |
| Machinery and equipment | 10,138,652 | 1,068,934 | - | 11,207,586 |
| Infrastructure | <u>56,449,033</u> | <u>1,790,310</u> | <u>-</u> | <u>58,239,343</u> |
| Total accumulated depreciation | <u>79,264,493</u> | <u>3,735,270</u> | <u>-</u> | <u>82,999,763</u> |
| Total capital assets, being depreciated, net | <u>44,884,508</u> | <u>(2,851,541)</u> | <u>-</u> | <u>42,032,967</u> |
| Governmental activities capital assets, net | <u>\$ 53,211,943</u> | <u>\$ (1,461,595)</u> | <u>\$ -</u> | <u>\$ 51,750,348</u> |
| | | | | |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,355,000 | \$ - | \$ - | \$ 3,355,000 |
| Construction in progress | - | 195,489 | - | 195,489 |
| Total capital assets, not being depreciated | <u>3,355,000</u> | <u>195,489</u> | <u>-</u> | <u>3,550,489</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 655,382 | - | - | 655,382 |
| Building and building improvements | 1,562,764 | - | - | 1,562,764 |
| Furniture and equipment | <u>691,199</u> | <u>-</u> | <u>-</u> | <u>691,199</u> |
| Total capital assets being depreciated | <u>2,909,345</u> | <u>-</u> | <u>-</u> | <u>2,909,345</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 605,801 | 19,159 | - | 624,960 |
| Building and building improvements | 631,080 | 33,902 | - | 664,982 |
| Furniture and equipment | <u>673,496</u> | <u>3,956</u> | <u>-</u> | <u>677,452</u> |
| Total accumulated depreciation | <u>1,910,377</u> | <u>57,017</u> | <u>-</u> | <u>1,967,394</u> |
| Total capital assets, being depreciated, net | <u>998,968</u> | <u>(57,017)</u> | <u>-</u> | <u>941,951</u> |
| Business-type activities capital assets, net | <u>\$ 4,353,968</u> | <u>\$ 138,472</u> | <u>\$ -</u> | <u>\$ 4,492,440</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

D. Capital Assets (Continued)

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

| | |
|---|----------------------------|
| Governmental activities: | |
| General government | \$ 509,736 |
| Public safety | 564,197 |
| Public works | 998,012 |
| Parks and recreation | <u>358,111</u> |
| Subtotal | 2,430,056 |
| Unallocated expense | <u>1,305,214</u> |
| Total depreciation expense-governmental activities | <u><u>\$ 3,735,270</u></u> |
| | |
| Business-type activities: | |
| Country club | \$ 48,049 |
| Farm fund | <u>8,968</u> |
| Total depreciation expense-business-type activities | <u><u>\$ 57,017</u></u> |

E. Bond and Other Long-Term Debt

General Obligation Bonds, Series 2021

In 2021, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$6,260,000 to advance refund the Township's G.O. bond Series 2016, and to pay the costs of issuing the bonds. Upon issuance of the bonds, a portion of the proceeds were irrevocably deposited in an escrow account with the fiscal agent in an amount sufficient to redeem the 2016 bond series. The refunding resulted in a gain of defeasance of \$290,113, a cash flow change of (\$14,150), and an economic present value loss of (\$12,878). The bonded debt is comprised of serially numbered bonds. Interest is payable February 15 and August 15 until maturity. The interest rate is 5%. Principal and interest payments will be made until maturity in 2027 as follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 2022 | \$ 445,000 | \$ 296,000 | \$ 741,000 |
| 2023 | 475,000 | 273,750 | 748,750 |
| 2024 | 495,000 | 250,000 | 745,000 |
| 2025 | 1,465,000 | 225,250 | 1,690,250 |
| 2026-2027 | <u>3,040,000</u> | <u>212,750</u> | <u>3,252,750</u> |
| Total | <u><u>\$ 5,920,000</u></u> | <u><u>\$ 1,257,750</u></u> | <u><u>\$ 7,177,750</u></u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

General Obligation Bonds, Series 2020

In 2020, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$13,895,000 to advance 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. Upon issuance of the bonds, a portion of the proceeds were irrevocably deposited an escrow account with the fiscal agent in an amount sufficient to redeem the 2012 and 2014 bond series. 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:

| <u>Year Ending</u> <u>December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| 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>\$ 10,930,000</u> | <u>\$ 1,679,500</u> | <u>\$ 12,609,500</u> |

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%. This bond was refunded in 2021. The bond obligation is considered defeased and has been removed liabilities in this statement.

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, 2021, the balance outstanding for the General Obligation Bond, Series 2011, 2012, 2014 and 2016 that was advanced refunded and defeased was \$12,305,000.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

LED Note

In 2018, Middletown Township obtained a \$1,306,448 draw-down note to purchase LED street lights for the Township. In 2020, 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:

| Year Ending December 31 | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-------------------|------------------|-------------------|
| 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>309,520</u> | <u>14,364</u> | <u>323,884</u> |
| Total | <u>\$ 762,581</u> | <u>\$ 77,055</u> | <u>\$ 839,636</u> |

Capital Leases

The assets acquired through capital leases are as follows:

| | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| Asset: | |
| Machinery and equipment | \$ 84,706 |
| Less: Accumulated depreciation | <u>(25,412)</u> |
| Total | <u>\$ 59,294</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Year Ending December 31, | |
| 2022 | \$ 18,809 |
| 2023 | <u>18,809</u> |
| Total minimum lease payments | 37,618 |
| Less: amount representing interest | <u>(2,830)</u> |
| Present value of minimum lease payments | <u>\$ 34,788</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Long-Term Liabilities Summary

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

| Governmental activities: | Beginning <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | Ending <u>Balance</u> | Due Within <u>One Year</u> |
|---------------------------------|-----------------------------|----------------------|------------------------|--------------------------|-------------------------------|
| Bonds payable | | | | | |
| G.O. Bonds 2016 | \$ 7,230,000 | \$ - | \$ (7,230,000) | \$ - | \$ - |
| G.O. Bonds 2020 | 12,370,000 | - | (1,440,000) | 10,930,000 | 1,510,000 |
| G.O. Bonds 2021 | - | 6,260,000 | (340,000) | 5,920,000 | 445,000 |
| Subtotal | 19,600,000 | 6,260,000 | (9,010,000) | 16,850,000 | 1,955,000 |
| Deferred amounts: | | | | | |
| For issuance premiums | 1,837,664 | 1,157,232 | (655,192) | 2,339,704 | - |
| For issuance discount | (65,154) | - | 7,240 | (57,914) | - |
| Total bonds payable | 21,372,510 | 7,417,232 | (9,657,952) | 19,131,790 | 1,955,000 |
| Notes payable | 867,872 | - | (105,291) | 762,581 | 108,310 |
| Capital leases | 59,722 | - | (24,934) | 34,788 | 16,938 |
| Compensated absences | 2,345,516 | 1,758,036 | (1,882,993) | 2,220,559 | 124,590 |
| Net pension liability | 8,108,171 | 6,801,304 | (10,947,965) | 3,961,510 | - |
| Net OPEB liability | 12,579,021 | 1,167,707 | (426,348) | 13,320,380 | - |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 45,332,812</u> | <u>\$ 17,144,279</u> | <u>\$ (23,045,483)</u> | <u>\$ 39,431,608</u> | <u>\$ 2,204,838</u> |

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, pension, and OPEB liabilities are generally liquidated by the general fund. Annual debt service requirements to maturity for bonds, loans and notes outstanding are as follows:

| Year Ending <u>December 31</u> | <u>Governmental Activities</u> | |
|-----------------------------------|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 2,063,310 | \$ 755,069 |
| 2023 | 2,166,548 | 655,959 |
| 2024 | 2,269,884 | 549,874 |
| 2025 | 2,378,319 | 438,689 |
| 2026-2029 | <u>8,734,520</u> | <u>614,714</u> |
| Total | <u>\$ 17,612,581</u> | <u>\$ 3,014,305</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021. Details below are from the valuation.

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.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

G. Employee Retirement Systems (Continued)

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, 2021, 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) | 67 | 27 |
| Inactive employees entitled to benefits but not yet receiving them | 2 | 8 |
| Active employees | <u>44</u> | <u>48</u> |
| | <u>113</u> | <u>83</u> |

(1) Police: includes 13 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, 2021

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, 2020. In the event of the death of a police officer who retired or became disabled on or before December 31, 2020, 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. The maximum DROP period is 60 months; however, for officers hired prior to 2020, the maximum DROP period is 96 months.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021

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, 2021

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, 2021.

| | <u>Police</u> | <u>Non-Uniformed</u> | <u>Total</u> |
|------------------------|---------------------|----------------------|---------------------|
| Township contributions | \$ 2,873,141 | \$ 170,824 | \$ 3,043,965 |
| Employee contributions | 381,690 | 177,098 | 558,788 |
| State aid | <u>460,539</u> | <u>244,661</u> | <u>705,200</u> |
| | <u>\$ 3,715,370</u> | <u>\$ 592,583</u> | <u>\$ 4,307,953</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, 2021, the annual money-weighted rate of return on Plan investments, net of investment expense was 10.49% for Police and 11.23% 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, 2021

G. Employee Retirement Systems (Continued)

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2021 were as follows:

| | <u>Police</u> | <u>Non-Uniformed</u> |
|---|---------------------|----------------------|
| Total pension liability | \$ 63,218,815 | \$ 11,856,828 |
| Plan fiduciary net position | <u>(59,583,941)</u> | <u>(11,530,192)</u> |
| Net pension liability | <u>\$ 3,634,874</u> | <u>\$ 326,636</u> |
| | | |
| Plan fiduciary net position as a percentage of the total pension liability | 94% | 97% |

Actuarial Assumptions: The total pension liability in the January 1, 2021 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) |
| Post retirement 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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020.

The net pension liability for the Police and Non-Uniformed Pension plans was measured as of December 31, 2021 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. 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, 2021

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% | 5.50% |
| Mid/Small Cap | 6.00% | 6.50% |
| International Stocks | 6.00% | 6.50% |
| Bonds | 40.00% | 1.00% |
| Cash | <u>3.00%</u> | -1.00% |
| | <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, 2021

G. Employee Retirement Systems (Continued)

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| <u>Police Pension Plan</u> | | | |
| Balance at December 31, 2020 | \$ 61,171,745 | \$ 54,034,105 | \$ 7,137,640 |
| Changes for the year: | | | |
| Service cost | 1,463,077 | - | 1,463,077 |
| Interest | 4,256,283 | - | 4,256,283 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | 10,739 | - | 10,739 |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 3,333,680 | (3,333,680) |
| Contributions - employee | - | 381,690 | (381,690) |
| Net investment income | - | 5,926,929 | (5,926,929) |
| Benefit payments, including refunds of employee contributions | (3,683,029) | (3,683,029) | - |
| Administrative expense | - | (409,434) | 409,434 |
| Net Changes | 2,047,070 | 5,549,836 | (3,502,766) |
| Balance at December 31, 2021 | \$ 63,218,815 | \$ 59,583,941 | \$ 3,634,874 |
| | | | |
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| <u>Non-Uniformed Pension Plan</u> | | | |
| Balance at December 31, 2020 | \$ 11,350,708 | \$ 10,380,177 | \$ 970,531 |
| Changes for the year: | | | |
| Service cost | 287,428 | - | 287,428 |
| Interest | 794,516 | - | 794,516 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 421,759 | (421,759) |
| Contributions - employee | - | 170,824 | (170,824) |
| Net investment income | - | 1,235,099 | (1,235,099) |
| Benefit payments, including refunds of employee contributions | (575,824) | (575,824) | - |
| Administrative expense | - | (101,843) | 101,843 |
| Net Changes | 506,120 | 1,150,015 | (643,895) |
| Balance at December 31, 2021 | \$ 11,856,828 | \$ 11,530,192 | \$ 326,636 |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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% | Current | 1% |
|-----------------------|---------------|------------------|----------------|
| | Decrease | Discount | Increase |
| | <u>(6%)</u> | <u>Rate (7%)</u> | <u>(8%)</u> |
| Net pension liability | | | |
| Police | \$ 10,394,004 | \$ 3,634,874 | \$ (2,017,578) |
| Non-Uniformed | 1,507,812 | 326,636 | (692,255) |

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2021, the Township recognized pension expense of \$1,816,435 for Police Pension and \$286,354 for Non-Uniformed Pension. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|--|--------------------------|-------------------------|
| | <u>of Resources</u> | <u>of Resources</u> |
| <u>Police Pension</u> | | |
| Differences between expected and actual experience | \$ 263,385 | \$ - |
| Change in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 3,228,391 |
| Total | <u>\$ 263,385</u> | <u>\$ 3,228,391</u> |
| <u>Non-Uniformed Pension</u> | | |
| Differences between expected and actual experience | \$ 242,088 | \$ 34,388 |
| Change in assumptions | 25,564 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 780,259 |
| Total | <u>\$ 267,652</u> | <u>\$ 814,647</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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>Police</u> | | <u>Non-Uniformed</u> |
|---------------------|----|--------------------|----|----------------------|
| <u>December 31:</u> | | | | |
| 2020 | \$ | (245,894) | \$ | (20,493) |
| 2021 | | (1,392,428) | | (278,762) |
| 2022 | | (896,535) | | (178,378) |
| 2023 | | (430,149) | | (69,362) |
| 2024 | | - | | - |
| Total | \$ | <u>(2,965,006)</u> | \$ | <u>(546,995)</u> |

Payable to the Pension Plan: For the year ended December 31, 2021, 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, 2021, the DROP account balance of \$3,885,426 is held by the plan pursuant to the DROP.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021.

| | <u>Combining Statement of Net Position</u> | | |
|--|--|-------------------------------------|----------------------|
| | <u>Police Pension Fund</u> | <u>Non-Uniform Pension Fund</u> | <u>Total</u> |
| Assets | | | |
| Cash and cash equivalents | \$ 8,579,492 | \$ 975,761 | \$ 9,555,253 |
| Prepaid expenses | 205,920 | 37,762 | 243,682 |
| Accrued interest | 117,643 | 25,635 | 143,278 |
| Other receivables | - | 13,402 | 13,402 |
| Investments, at fair value: | | | |
| U.S. government obligations | 3,705,364 | 716,438 | 4,421,802 |
| Government sponsored mortgages | 965,156 | 227,942 | 1,193,098 |
| Corporate obligations | 4,452,365 | 833,596 | 5,285,961 |
| Municipal obligations | 5,142,746 | 1,134,604 | 6,277,350 |
| Mortgages | 2,654,838 | 709,011 | 3,363,849 |
| Mutual fund-equity | 1,391,839 | - | 1,391,839 |
| Mutual fund-debt | 1,898,545 | 364,982 | 2,263,527 |
| Stock equities | 30,079,868 | 6,502,564 | 36,582,432 |
| Foreign obligations | 394,000 | 76,802 | 470,802 |
| Real estate securities | 10,285 | - | 10,285 |
| Total Assets | <u>59,598,061</u> | <u>11,618,499</u> | <u>71,216,560</u> |
| Liabilities: Accounts payable | <u>14,121</u> | <u>88,307</u> | <u>102,428</u> |
| Net position restricted for pension benefits | <u>\$ 59,583,940</u> | <u>\$ 11,530,192</u> | <u>\$ 71,114,132</u> |

| | <u>Combining Statement of Changes in Net Position</u> | | |
|---|---|-------------------------------------|----------------------|
| | <u>Police Pension Fund</u> | <u>Non-Uniform Pension Fund</u> | <u>Total</u> |
| Additions | | | |
| Contributions | | | |
| Employee contributions | \$ 381,690 | \$ 177,098 | \$ 558,788 |
| Employer contributions | 2,873,141 | 170,824 | 3,043,965 |
| State Aid | 460,539 | 244,661 | 705,200 |
| Total Contributions | <u>3,715,370</u> | <u>592,583</u> | <u>4,307,953</u> |
| Investment Income | | | |
| Net appreciation (depreciation) in fair value of investments | 4,954,541 | 1,027,425 | 5,981,966 |
| Interest and dividends | 972,388 | 207,674 | 1,180,062 |
| Total investment earnings | <u>5,926,929</u> | <u>1,235,099</u> | <u>7,162,028</u> |
| Total Additions | <u>9,642,299</u> | <u>1,827,682</u> | <u>11,469,981</u> |
| Deductions | | | |
| Benefits | 3,683,028 | 575,824 | 4,258,852 |
| Administrative expenses | 409,434 | 101,843 | 511,277 |
| Total Deductions | <u>4,092,462</u> | <u>677,667</u> | <u>4,770,129</u> |
| Change in Net Position | 5,549,837 | 1,150,015 | 6,699,852 |
| Net Position Restricted for Pension Benefits | | | |
| Beginning of Year | <u>54,034,103</u> | <u>10,380,177</u> | <u>64,414,280</u> |
| End of Year | <u>\$ 59,583,940</u> | <u>\$ 11,530,192</u> | <u>\$ 71,114,132</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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 | \$ 263,385 | \$ 242,088 | \$ 505,473 |
| Changes in assumptions | - | 25,564 | 25,564 |
| Total Deferred Outflows of Resources | <u>\$ 263,385</u> | <u>\$ 267,652</u> | <u>\$ 531,037</u> |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$ - | \$ 34,388 | \$ 34,388 |
| Net differences between projected and actual earnings on pension plan investments | <u>3,228,391</u> | <u>780,259</u> | <u>4,008,650</u> |
| Total Deferred Inflows of Resources | <u>\$ 3,228,391</u> | <u>\$ 814,647</u> | <u>\$ 4,043,038</u> |
| Net Pension Liability | <u>\$ 3,634,874</u> | <u>\$ 326,636</u> | <u>\$ 3,961,510</u> |
| Pension Expense | <u>\$ 1,816,435</u> | <u>\$ 286,354</u> | <u>\$ 2,102,789</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, 2021

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, 2021. The Plan does not issue a separate financial statement.

Membership of the Plan consisted of the following at December 31, 2021 (the date of the latest actuarial valuation):

| | <u>OPEB</u> |
|---|-------------|
| Inactive employees (or their beneficiaries) | |
| currently receiving benefits | 62 |
| Inactive employees entitled to benefits | |
| but not yet receiving them | 0 |
| Active employees | <u>53</u> |
| | <u>115</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 years 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, 2021

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, 2021, 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, 2021 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 be 6% in 2022 to 2024, 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, 2021 valuation were based on the results of an actuarial experience study from the period January 1, 2019 to December 31, 2020. There were no benefit terms or assumption changes since January 1, 2021.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

I. Other Post Employment Benefits (Continued)

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 |
| <u>OPEB Plan</u> | | | |
| Balance at December 31, 2020 | \$ 12,579,021 | \$ - | \$ 12,579,021 |
| Changes for the year: | | | |
| Service cost | 773,526 | - | 773,526 |
| Interest | 394,181 | - | 394,181 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 426,348 | (426,348) |
| Benefit payments, including refunds of employee contributions | (426,348) | (426,348) | - |
| Net Changes | 741,359 | - | 741,359 |
| Balance at December 31, 2021 | \$ 13,320,380 | \$ - | \$ 13,320,380 |

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 3 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 <u>Rate (3%)</u> | 1% Increase <u>(4%)</u> |
|--------------------|-------------------------------|---|-------------------------------|
| Net OPEB liability | \$ 14,370,707 | \$ 13,320,380 | \$ 12,300,803 |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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 Rates | Healthcare Cost Trend Valuation Rates | 1% Increase Valuation Rates |
|--------------------|-----------------------------------|---|-----------------------------------|
| Net OPEB liability | \$ 11,837,602 | \$ 13,320,380 | \$ 14,956,805 |

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the actuarial determined expense for the OPEB Plan was \$1,248,232. At December 31, 2021, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| <u>OPEB Plan</u> | | |
| Differences between expected and actual experience | \$ 518,867 | \$ 139,023 |
| Changes in assumptions | 43,330 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| Total | <u>\$ 562,197</u> | <u>\$ 139,023</u> |

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

| | Governmental- Activities <u>OPEB</u> |
|------------------------------------|--|
| <u>Year Ended December 31:</u> | |
| 2022 | \$ 80,525 |
| 2023 | 80,525 |
| 2024 | 80,525 |
| 2025 | 116,922 |
| 2026 | 64,677 |
| Total | <u>\$ 423,174</u> |

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021.

| | <u>Balance</u> <u>1/1/2021</u> | <u>Additions</u> | <u>Principal</u> <u>Payments</u> | <u>Balance</u> <u>12/31/2021</u> | <u>Due within</u> <u>One year</u> |
|--------------------------|-----------------------------------|------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| Proprietary Funds | | | | | |
| 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>12/31/2020</u> | <u>Outstanding</u> <u>12/31/2021</u> |
|--------------------------|----------------------------------|--------------------------------|-------------------------------------|---------------------------------|---|---|
| Proprietary Funds | | | | | | |
| 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, 2021

J. Interfund Advances and Transfers (Continued)

| | Transfer in | Transfer out |
|--------------------------|--------------|--------------|
| General Fund | \$ - | \$ 1,030,000 |
| Capital Reserve | 1,300,000 | - |
| Other Governmental Funds | 159,500 | 429,500 |
| Total | \$ 1,459,500 | \$ 1,459,500 |

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 2021-2022 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 2021-2022 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, 2021. The maximum exposure for these costs in 2021-2022 plan year was \$540,000. The total actual charges incurred by the Township for these deductibles in 2021 were \$408,497. There were no outstanding or unpaid claims at year end.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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 Statement No. 84, Fiduciary Activities (GASB 84): GASB reclassifies certain escrow deposits from liabilities in the Governmental Fund to Net Position Restricted for Developers and Others in the Fiduciary Funds, Custodial column. Escrow additions are now recorded as receipts and escrow disbursements are recorded as expense. The beginning net position for Custodial Funds has been restated to \$1,245,047 as a result of implementing this statement. The change had no effect on fund balance.

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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 1,463,077 | \$ 1,554,404 | \$ 1,588,734 | \$ 1,348,542 | \$ 1,357,815 | \$ 1,193,316 | \$ 1,276,152 | \$ 1,194,091 |
| Interest | 4,256,283 | 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 | 10,739 | 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 | <u>(3,683,029)</u> | <u>(2,456,144)</u> | <u>(2,664,954)</u> | <u>(2,159,058)</u> | <u>(2,113,117)</u> | <u>(3,282,729)</u> | <u>(2,681,430)</u> | <u>(1,975,510)</u> |
| Net change in total pension liability | 2,047,070 | 3,523,255 | 2,782,348 | 4,371,822 | 4,523,072 | 151,798 | (288,789) | 2,504,348 |
| Total pension liability - beginning | <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> | <u>43,603,891</u> |
| Total pension liability - ending (a) | <u>\$ 63,218,815</u> | <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> |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 3,333,680 | \$ 3,411,942 | \$ 3,244,530 | \$ 2,938,145 | \$ 2,359,921 | \$ 2,350,510 | \$ 2,285,033 | \$ 2,463,341 |
| Contributions - employee | 381,690 | 390,488 | 415,045 | 366,990 | 424,418 | 305,677 | 287,846 | 280,895 |
| Net investment income | 5,926,929 | 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 | (3,683,029) | (2,456,144) | (2,664,954) | (2,159,058) | (2,113,117) | (3,282,729) | (2,681,430) | (1,975,510) |
| Administrative expense | <u>(409,434)</u> | <u>(330,378)</u> | <u>(350,712)</u> | <u>(341,585)</u> | <u>(327,530)</u> | <u>(301,410)</u> | <u>(301,262)</u> | <u>(276,760)</u> |
| Net change in plan fiduciary net position | 5,549,836 | 6,740,593 | 6,060,244 | (860,471) | 4,444,214 | 586,902 | 382,606 | 3,459,126 |
| Plan fiduciary net position - beginning | <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> | <u>33,220,891</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 59,583,941</u> | <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> |
| Township's net pension liability - ending (a)-(b) | <u>\$ 3,634,874</u> | <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 | 94.3% | 88.3% | 82.0% | 75.2% | 83.4% | 81.9% | 80.9% | 79.6% |
| Covered payroll | \$ 6,152,227 | \$ 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 | 59.1% | 112.4% | 159.0% | 219.8% | 144.7% | 157.7% | 178.7% | 221.7% |
| Annual money-weighted return, net of investment expenses | 10.49% | 11.61% | 12.74% | -4.80% | 10.34% | 4.29% | 2.23% | 9.18% |

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

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> |
|---|--|---|---|---------------------------|---|
| 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% |
| 2021 | 3,333,680 | 3,333,680 | - | 6,152,227 | 54.19% |

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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 287,428 | \$ 258,096 | \$ 259,685 | \$ 213,140 | \$ 214,587 | \$ 146,617 | \$ 176,804 | \$ 206,812 |
| Interest | 794,516 | 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 | <u>(575,824)</u> | <u>(576,787)</u> | <u>(387,662)</u> | <u>(564,664)</u> | <u>(250,061)</u> | <u>(185,814)</u> | <u>(251,086)</u> | <u>(122,292)</u> |
| Net change in total pension liability | 506,120 | 656,704 | 504,875 | 670,749 | 1,020,402 | 975,364 | 226,602 | 597,810 |
| Total pension liability - beginning | <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> | <u>6,698,202</u> |
| Total pension liability - ending (a) | <u>\$ 11,856,828</u> | <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> |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 421,759 | \$ 416,556 | \$ 363,912 | \$ 310,213 | \$ 189,147 | \$ 310,501 | \$ 308,202 | \$ 203,448 |
| Contributions - employee | 170,824 | 159,060 | 150,491 | 148,817 | 141,549 | 126,027 | 121,892 | 128,673 |
| Net investment income | 1,235,099 | 1,196,983 | 1,141,122 | (350,052) | 862,906 | 307,760 | 166,261 | 626,530 |
| Benefit payments, including refunds of employee contributions | <u>(575,824)</u> | <u>(576,787)</u> | <u>(387,662)</u> | <u>(564,664)</u> | <u>(250,061)</u> | <u>(185,814)</u> | <u>(251,086)</u> | <u>(122,292)</u> |
| Administrative expense | <u>(101,843)</u> | <u>(87,053)</u> | <u>(93,957)</u> | <u>(86,755)</u> | <u>(87,613)</u> | <u>(80,228)</u> | <u>(80,531)</u> | <u>(74,620)</u> |
| Net change in plan fiduciary net position | 1,150,015 | 1,108,759 | 1,173,906 | (542,441) | 855,928 | 478,246 | 264,738 | 761,739 |
| Plan fiduciary net position - beginning | <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> | <u>6,279,302</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 11,530,192</u> | <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> |
| Township's net pension liability - ending (a)-(b) | <u>\$ 326,636</u> | <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 | 97.2% | 91.4% | 86.7% | 79.5% | 90.8% | 91.6% | 97.1% | 96.5% |
| Covered payroll | \$ 3,553,224 | \$ 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 | 9.2% | 26.0% | 36.0% | 64.4% | 26.3% | 25.2% | 7.9% | 9.5% |
| Annual money-weighted return, net of investment expenses | 11.23% | 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> |
|---|--|---|---|----------------------------------|--|
| 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% |
| 2021 | 421,759 | 421,759 | - | 3,553,224 | 11.87% |

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 OPEB LIABILITY AND RELATED RATIOS -
OTHER POST-EMPLOYMENT BENEFITS

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------------------|----------------------|---------------------|---------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 773,526 | \$ 884,916 | \$ 296,193 | \$ 265,570 |
| Interest | 394,181 | 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>(426,348)</u> | <u>(364,005)</u> | <u>(364,245)</u> | <u>(305,407)</u> |
| Net change in total OPEB liability | 741,359 | 7,015,282 | (117,645) | 184,551 |
| Total OPEB liability - beginning | <u>12,579,021</u> | <u>5,563,739</u> | <u>5,681,384</u> | <u>5,496,833</u> |
| Total OPEB liability - ending (a) | <u>\$ 13,320,380</u> | <u>\$ 12,579,021</u> | <u>\$ 5,563,739</u> | <u>\$ 5,681,384</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer (including premium subsidies) | \$ 426,348 | \$ 364,005 | \$ 364,245 | \$ 305,407 |
| Benefit payments (including premium subsidies) | <u>(426,348)</u> | <u>(364,005)</u> | <u>(364,245)</u> | <u>(305,407)</u> |
| Net change in plan fiduciary net position | - | - | - | - |
| Plan fiduciary net position - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Township's net OPEB liability - ending (a)-(b) | <u>\$ 13,320,380</u> | <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% | 0.0% |
| Covered payroll | \$ 7,622,136 | \$ 7,998,519 | \$ 7,348,493 | \$ 7,339,439 |
| Net OPEB liability as a percentage of covered payroll | 174.8% | 157.3% | 75.7% | 77.4% |
| Annual money-weighted return, net of investment expenses | Not Applicable Not Applicable | | | |

Notes to Schedule:

Changes in benefit terms and assumptions: None since 1/1/2021

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> |
|---|--|---|---|---------------------------|---|
| 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% |
| 2021 | 1,441,226 | 426,348 | 1,014,878 | 7,622,136 | 5.59% |

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 | 1/1/2021 |
| 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 |

Changes in benefit terms and assumptions: None since 1/1/2021

(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, 2021

| | <u>CAPITAL RESERVE</u> | | |
|--|--------------------------------------|---------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>ACTUAL</u> | <u>Variance with Final Budget</u> |
| Revenues | | | |
| Licenses and permits | \$ - | \$ 10,102 | \$ 10,102 |
| Investment income and rent | 40,000 | 11,704 | (28,296) |
| Intergovernmental revenues | 285,000 | 162,436 | (122,564) |
| Other | - | 180,866 | 180,866 |
| Total Revenues | <u>325,000</u> | <u>365,108</u> | <u>40,108</u> |
| Expenditures | | | |
| Debt service | | | |
| Principal | 6,500 | 7,664 | (1,164) |
| Interest | 1,500 | 275 | 1,225 |
| Capital outlays/development | <u>6,752,700</u> | <u>4,157,179</u> | <u>2,595,521</u> |
| Total Expenditures | <u>6,760,700</u> | <u>4,165,118</u> | <u>2,595,582</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(6,435,700)</u> | <u>(3,800,010)</u> | <u>2,635,690</u> |
| Other Financing Sources (Uses) | | | |
| Issuance of capital leases | - | 6,260,000 | (6,260,000) |
| Bond premiums and discounts | - | 1,157,232 | (1,157,232) |
| Payment to refunded bond escrow agent | - | (7,311,000) | 7,311,000 |
| Transfers in | <u>390,000</u> | <u>1,300,000</u> | <u>(910,000)</u> |
| Total Other Financing Sources (Uses) | <u>390,000</u> | <u>1,406,232</u> | <u>(1,016,232)</u> |
| Net Change in Fund Balance | (6,045,700) | (2,393,778) | 3,651,922 |
| Fund Balance - Beginning | <u>7,899,804</u> | <u>7,899,804</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 1,854,104</u> | <u>\$ 5,506,026</u> | <u>\$ 3,651,922</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, 2021

| | <u>Special Revenue</u> | | | | | | | | <u>Capital Projects</u> | | | <u>Debt Service</u> | <u>Total Non-major Governmental Funds</u> | |
|--|--------------------------------|------------------------|-----------------------------|-----------------------------|-----------------------|---------------------|--------------------------|--------------------------|-------------------------|----------------------------|--------------------|---------------------|---|---------------------|
| | <u>General Street Lighting</u> | <u>Fire Protection</u> | <u>Parks and Recreation</u> | <u>Ambulance and Rescue</u> | <u>Road Machinery</u> | <u>Fire Hydrant</u> | <u>Police Forfeiture</u> | <u>State Highway Aid</u> | <u>Total</u> | <u>Curb/Road Revolving</u> | <u>Contingency</u> | | | <u>Total</u> |
| <u>ASSETS</u> | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 701,998 | \$ 20,078 | \$ 531,423 | \$ 38,748 | \$ 433,645 | \$ 7,478 | \$ 37,893 | \$ 833,842 | \$ 2,605,105 | \$ 7,756 | \$ 811 | \$ 8,567 | \$ 446,778 | \$ 3,060,450 |
| Receivables | 213 | 446 | 965 | 147 | 81 | 29 | - | - | 1,881 | - | - | - | 1,391 | 3,272 |
| Advances from other funds | - | - | - | - | - | - | - | - | - | - | 149,364 | 149,364 | - | 149,364 |
| Total Assets | <u>\$ 702,211</u> | <u>\$ 20,524</u> | <u>\$ 532,388</u> | <u>\$ 38,895</u> | <u>\$ 433,726</u> | <u>\$ 7,507</u> | <u>\$ 37,893</u> | <u>\$ 833,842</u> | <u>\$ 2,606,986</u> | <u>\$ 7,756</u> | <u>\$ 150,175</u> | <u>\$ 157,931</u> | <u>\$ 448,169</u> | <u>\$ 3,213,086</u> |
| <u>LIABILITIES</u> | | | | | | | | | | | | | | |
| Accounts payable | \$ 1,664 | \$ - | \$ 11,507 | \$ 20,000 | \$ - | \$ - | \$ - | \$ 1,230 | \$ 34,401 | \$ - | \$ - | \$ - | \$ 10,784 | \$ 45,185 |
| Accrued salaries and benefits | 1,098 | - | 17,676 | - | - | - | - | 22,724 | 41,498 | - | - | - | - | 41,498 |
| Total Liabilities | <u>2,762</u> | <u>-</u> | <u>29,183</u> | <u>20,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,954</u> | <u>75,899</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,784</u> | <u>86,683</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | | | | | | | | | |
| Unavailable revenue: | | | | | | | | | | | | | | |
| special assessments | - | - | - | - | - | - | - | - | - | 2,345 | - | 2,345 | - | 2,345 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,345</u> | <u>-</u> | <u>2,345</u> | <u>-</u> | <u>2,345</u> |
| <u>FUND BALANCES</u> | | | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | | | |
| Street lighting | 699,449 | - | - | - | - | - | - | - | 699,449 | - | - | - | - | 699,449 |
| Road machinery | - | - | - | - | 433,726 | - | - | - | 433,726 | - | - | - | - | 433,726 |
| Fire and ambulance | - | 20,524 | - | 18,895 | - | 7,507 | - | - | 46,926 | - | - | - | - | 46,926 |
| Police | - | - | - | - | - | - | 37,893 | - | 37,893 | - | - | - | - | 37,893 |
| Streets and highways | - | - | - | - | - | - | - | 809,888 | 809,888 | - | - | - | - | 809,888 |
| Debt service | - | - | - | - | - | - | - | - | - | - | - | - | 437,385 | 437,385 |
| Committed: | | | | | | | | | | | | | | |
| Park and recreation | - | - | 503,205 | - | - | - | - | - | 503,205 | - | - | - | - | 503,205 |
| Assigned: | | | | | | | | | | | | | | |
| Capital projects | - | - | - | - | - | - | - | - | - | 5,411 | 150,175 | 155,586 | - | 155,586 |
| Total Fund Balances | <u>699,449</u> | <u>20,524</u> | <u>503,205</u> | <u>18,895</u> | <u>433,726</u> | <u>7,507</u> | <u>37,893</u> | <u>809,888</u> | <u>2,531,087</u> | <u>5,411</u> | <u>150,175</u> | <u>155,586</u> | <u>437,385</u> | <u>3,124,058</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 702,211</u> | <u>\$ 20,524</u> | <u>\$ 532,388</u> | <u>\$ 38,895</u> | <u>\$ 433,726</u> | <u>\$ 7,507</u> | <u>\$ 37,893</u> | <u>\$ 833,842</u> | <u>\$ 2,606,986</u> | <u>\$ 7,756</u> | <u>\$ 150,175</u> | <u>\$ 157,931</u> | <u>\$ 448,169</u> | <u>\$ 3,213,086</u> |

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2021

| | <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 |
| Revenues | | | | | | | | | | | | | | |
| Property taxes | \$ 409,885 | \$ 804,216 | \$ 1,000,009 | \$ 228,730 | \$ 156,452 | \$ 55,810 | \$ - | \$ - | \$ 2,655,102 | \$ - | \$ - | \$ - | \$ 2,678,890 | \$ 5,333,992 |
| Investment income and rent | 2,866 | - | 11,181 | 165 | 1,096 | 82 | 106 | 3,530 | 19,026 | - | - | - | 3,533 | 22,559 |
| Intergovernmental revenues | - | 288,565 | - | - | - | - | - | 1,240,759 | 1,529,324 | - | - | - | - | 1,529,324 |
| Charges for services | - | - | 287,752 | - | - | - | - | - | 287,752 | 70 | - | 70 | - | 287,822 |
| Contributions private sources | - | - | 6,400 | - | - | - | - | - | 6,400 | - | - | - | - | 6,400 |
| Other | 4,492 | - | - | - | - | - | - | - | 4,492 | - | - | - | - | 4,492 |
| Total Revenues | <u>417,243</u> | <u>1,092,781</u> | <u>1,305,342</u> | <u>228,895</u> | <u>157,548</u> | <u>55,892</u> | <u>106</u> | <u>1,244,289</u> | <u>4,502,096</u> | <u>70</u> | <u>-</u> | <u>70</u> | <u>2,682,423</u> | <u>7,184,589</u> |
| Expenditures | | | | | | | | | | | | | | |
| Current | | | | | | | | | | | | | | |
| Public safety | - | 1,151,303 | - | 228,486 | - | 61,850 | - | - | 1,441,639 | - | - | - | - | 1,441,639 |
| Public works | 283,121 | - | - | - | - | - | - | 1,361,625 | 1,644,746 | - | - | - | - | 1,644,746 |
| Parks and recreation | - | - | 1,465,936 | - | - | - | - | - | 1,465,936 | - | - | - | - | 1,465,936 |
| Debt Service | | | | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - | - | - | 1,882,158 | 1,882,158 |
| Interest | - | - | - | - | - | - | - | - | - | - | - | - | 662,239 | 662,239 |
| Fiscal agent fees | - | - | - | - | - | - | - | - | - | - | - | - | 780 | 780 |
| Total Expenditures | <u>283,121</u> | <u>1,151,303</u> | <u>1,465,936</u> | <u>228,486</u> | <u>-</u> | <u>61,850</u> | <u>-</u> | <u>1,361,625</u> | <u>4,552,321</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,545,177</u> | <u>7,097,498</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 134,122 | (58,522) | (160,594) | 409 | 157,548 | (5,958) | 106 | (117,336) | (50,225) | 70 | - | 70 | 137,246 | 87,091 |
| Other Financing Sources (Uses) | | | | | | | | | | | | | | |
| Transfers in | - | 30,000 | - | - | - | - | - | - | 30,000 | - | - | - | 129,500 | 159,500 |
| Transfers out | (429,500) | - | - | - | - | - | - | - | (429,500) | - | - | - | - | (429,500) |
| Total Other Financing Sources (Uses) | <u>(429,500)</u> | <u>30,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(399,500)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>129,500</u> | <u>(270,000)</u> |
| Net Change in Fund Balance | (295,378) | (28,522) | (160,594) | 409 | 157,548 | (5,958) | 106 | (117,336) | (449,725) | 70 | - | 70 | 266,746 | (182,909) |
| Fund Balance - Beginning | 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 |
| Fund Balance - Ending | <u>\$ 699,449</u> | <u>\$ 20,524</u> | <u>\$ 503,205</u> | <u>\$ 18,895</u> | <u>\$ 433,726</u> | <u>\$ 7,507</u> | <u>\$ 37,893</u> | <u>\$ 809,888</u> | <u>\$ 2,531,087</u> | <u>\$ 5,411</u> | <u>\$ 150,175</u> | <u>\$ 155,586</u> | <u>\$ 437,385</u> | <u>\$ 3,124,058</u> |

MIDDLETOWN TOWNSHIP

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

For the Year Ended December 31, 2021

| | <u>GENERAL STREET LIGHTING FUND</u> | | |
|--|--|-------------------|---|
| | <u>Original and</u> <u>Final Budget</u> | <u>ACTUAL</u> | <u>Variance with</u> <u>Final Budget</u> |
| Revenues | | | |
| Property taxes | \$ 415,500 | \$ 409,885 | \$ (5,615) |
| Investment income and rent | 4,000 | 2,866 | (1,134) |
| Other | <u>-</u> | <u>4,492</u> | <u>4,492</u> |
| Total Revenues | <u>419,500</u> | <u>417,243</u> | <u>(2,257)</u> |
| Expenditures | | | |
| Current: | | | |
| Public works | <u>266,000</u> | <u>283,121</u> | <u>(17,121)</u> |
| Total Expenditures | <u>266,000</u> | <u>283,121</u> | <u>(17,121)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>153,500</u> | <u>134,122</u> | <u>(19,378)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | <u>(519,500)</u> | <u>(429,500)</u> | <u>90,000</u> |
| Total Other Financing Sources (Uses) | <u>(519,500)</u> | <u>(429,500)</u> | <u>90,000</u> |
| Net Change in Fund Balance | (366,000) | (295,378) | 70,622 |
| Fund Balance - Beginning | <u>994,827</u> | <u>994,827</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 628,827</u> | <u>\$ 699,449</u> | <u>\$ 70,622</u> |

MIDDLETOWN TOWNSHIP

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

For the Year Ended December 31, 2021

| | <u>FIRE PROTECTION</u> | | |
|--|------------------------|------------------|----------------------|
| | <u>Original and</u> | | <u>Variance with</u> |
| | <u>Final Budget</u> | <u>ACTUAL</u> | <u>Final Budget</u> |
| Revenues | | | |
| Property taxes | \$ 806,300 | \$ 804,216 | \$ (2,084) |
| Investment income and rent | 500 | - | (500) |
| Intergovernmental revenues | <u>328,000</u> | <u>288,565</u> | <u>(39,435)</u> |
| Total Revenues | <u>1,134,800</u> | <u>1,092,781</u> | <u>(42,019)</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | <u>1,192,000</u> | <u>1,151,303</u> | <u>40,697</u> |
| Total Expenditures | <u>1,192,000</u> | <u>1,151,303</u> | <u>40,697</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(57,200)</u> | <u>(58,522)</u> | <u>(1,322)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| Net Change in Fund Balance | (27,200) | (28,522) | (1,322) |
| Fund Balance - Beginning | <u>49,046</u> | <u>49,046</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 21,846</u> | <u>\$ 20,524</u> | <u>\$ (1,322)</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, 2021

| | <u>PARK AND RECREATION</u> | | |
|-------------------------------|--------------------------------------|-------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>ACTUAL</u> | <u>Variance with Final Budget</u> |
| Revenues | | | |
| Property taxes | \$ 1,003,000 | \$ 1,000,009 | \$ (2,991) |
| Investment income and rent | 26,000 | 11,181 | (14,819) |
| Charges for services | 256,000 | 287,752 | 31,752 |
| Contributions private sources | <u>5,000</u> | <u>6,400</u> | <u>1,400</u> |
| Total Revenues | <u>1,290,000</u> | <u>1,305,342</u> | <u>15,342</u> |
| Expenditures | | | |
| Current: | | | |
| Parks and recreation | <u>1,328,950</u> | <u>1,465,936</u> | <u>(136,986)</u> |
| Total Expenditures | <u>1,328,950</u> | <u>1,465,936</u> | <u>(136,986)</u> |
| Net Change in Fund Balance | (38,950) | (160,594) | (121,644) |
| Fund Balance - Beginning | <u>663,799</u> | <u>663,799</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 624,849</u> | <u>\$ 503,205</u> | <u>\$ (121,644)</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, 2021

| | <u>AMBULANCE AND RESCUE</u> | | |
|----------------------------|-----------------------------|------------------|----------------------|
| | <u>Original and</u> | | <u>Variance with</u> |
| | <u>Final Budget</u> | <u>ACTUAL</u> | <u>Final Budget</u> |
| Revenues | | | |
| Property taxes | \$ 232,400 | \$ 228,730 | \$ (3,670) |
| Investment income and rent | 200 | 165 | (35) |
| Total Revenues | <u>232,600</u> | <u>228,895</u> | <u>(3,705)</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | <u>233,000</u> | <u>228,486</u> | <u>4,514</u> |
| Total Expenditures | <u>233,000</u> | <u>228,486</u> | <u>4,514</u> |
| Net Change in Fund Balance | (400) | 409 | 809 |
| Fund Balance - Beginning | <u>18,486</u> | <u>18,486</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 18,086</u> | <u>\$ 18,895</u> | <u>\$ 809</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, 2021

| | <u>ROAD MACHINERY</u> | | |
|----------------------------|--|-------------------|---|
| | <u>Original and</u> <u>Final Budget</u> | <u>ACTUAL</u> | <u>Variance with</u> <u>Final Budget</u> |
| Revenues | | | |
| Property taxes | \$ 156,500 | \$ 156,452 | \$ (48) |
| Investment income and rent | <u>1,500</u> | <u>1,096</u> | <u>(404)</u> |
| Total Revenues | <u>158,000</u> | <u>157,548</u> | <u>(452)</u> |
| | | | |
| Expenditures | | | |
| Current: | | | |
| Public works | <u>260,000</u> | <u>-</u> | <u>260,000</u> |
| Total Expenditures | <u>260,000</u> | <u>-</u> | <u>260,000</u> |
| | | | |
| Net Change in Fund Balance | (102,000) | 157,548 | 259,548 |
| | | | |
| Fund Balance - Beginning | <u>276,178</u> | <u>276,178</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 174,178</u> | <u>\$ 433,726</u> | <u>\$ 259,548</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, 2021

| | <u>FIRE HYDRANT</u> | | |
|----------------------------|--|-----------------|---|
| | <u>Original and</u> <u>Final Budget</u> | <u>ACTUAL</u> | <u>Variance with</u> <u>Final Budget</u> |
| Revenues | | | |
| Property taxes | \$ 55,550 | \$ 55,810 | \$ 260 |
| Investment income and rent | 500 | 82 | (418) |
| Total Revenues | <u>56,050</u> | <u>55,892</u> | <u>(158)</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | <u>55,000</u> | <u>61,850</u> | <u>(6,850)</u> |
| Total Expenditures | <u>55,000</u> | <u>61,850</u> | <u>(6,850)</u> |
| Net Change in Fund Balance | 1,050 | (5,958) | (7,008) |
| Fund Balance - Beginning | <u>13,465</u> | <u>13,465</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 14,515</u> | <u>\$ 7,507</u> | <u>\$ (7,008)</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, 2021

| | <u>STATE HIGHWAY AID</u> | | | |
|----------------------------|--|--|-------------------|---|
| | <u>Budgeted Amount:</u> <u>Original</u> | <u>Original and</u> <u>Final Budget</u> | <u>ACTUAL</u> | <u>Variance with</u> <u>Final Budget</u> |
| Revenues | | | | |
| Investment income and rent | \$ 5,000 | \$ 5,000 | \$ 3,530 | \$ (1,470) |
| Intergovernmental revenue | <u>1,204,437</u> | <u>1,204,437</u> | <u>1,240,759</u> | <u>36,322</u> |
| Total Revenues | <u>1,209,437</u> | <u>1,209,437</u> | <u>1,244,289</u> | <u>34,852</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public works | <u>1,835,000</u> | <u>1,835,000</u> | <u>1,361,625</u> | <u>473,375</u> |
| Total Expenditures | <u>1,835,000</u> | <u>1,835,000</u> | <u>1,361,625</u> | <u>473,375</u> |
| Net Change in Fund Balance | (625,563) | (625,563) | (117,336) | 508,227 |
| Fund Balance - Beginning | <u>927,224</u> | <u>927,224</u> | <u>927,224</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 301,661</u> | <u>\$ 301,661</u> | <u>\$ 809,888</u> | <u>\$ 508,227</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, 2021

| | <u>Original and</u> <u>Final Budget</u> | DEBT SERVICE <u>ACTUAL</u> | Variance with <u>Final Budget</u> |
|--|--|-------------------------------|--------------------------------------|
| Revenues | | | |
| Property taxes | \$ 2,686,000 | \$ 2,678,890 | \$ (7,110) |
| Investment income and rent | <u>8,000</u> | <u>3,533</u> | <u>(4,467)</u> |
| Total Revenues | <u>2,694,000</u> | <u>2,682,423</u> | <u>(11,577)</u> |
| Expenditures | | | |
| Current: | | | |
| Debt service | | | |
| Principal | 2,125,200 | 1,882,158 | 243,042 |
| Interest | 698,150 | 662,239 | 35,911 |
| Paid to fiscal agent | <u>2,500</u> | <u>780</u> | <u>1,720</u> |
| Total Expenditures | <u>2,825,850</u> | <u>2,545,177</u> | <u>280,673</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(131,850)</u> | <u>137,246</u> | <u>269,096</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | <u>129,500</u> | <u>129,500</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>129,500</u> | <u>129,500</u> | <u>-</u> |
| Net Change in Fund Balance | (2,350) | 266,746 | 269,096 |
| Fund Balance - Beginning | <u>170,639</u> | <u>170,639</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 168,289</u> | <u>\$ 437,385</u> | <u>\$ 269,096</u> |

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, 2021

| | <u>COUNTRY CLUB</u> | | |
|---------------------------------------|--------------------------------------|---------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>ACTUAL</u> | <u>Variance with Final Budget</u> |
| Operating Revenues | | | |
| Charges for services | | | |
| Licensing fees | \$ 36,756 | \$ 36,756 | \$ - |
| Total Operating Revenues | <u>36,756</u> | <u>36,756</u> | <u>-</u> |
| Operating Expenses | | | |
| Depreciation | <u>53,000</u> | <u>48,049</u> | <u>4,951</u> |
| Total Operating Expenses | <u>53,000</u> | <u>48,049</u> | <u>4,951</u> |
| Operating Income (Loss) | <u>(16,244)</u> | <u>(11,293)</u> | <u>4,951</u> |
| Nonoperating Revenues (Expense) | | | |
| Interest income | <u>1,500</u> | <u>411</u> | <u>(1,089)</u> |
| Total Nonoperating Revenues (Expense) | <u>1,500</u> | <u>411</u> | <u>(1,089)</u> |
| Changes in Net Position | (14,744) | (10,882) | 3,862 |
| Total Net Position - Beginning | <u>2,161,904</u> | <u>2,161,904</u> | <u>-</u> |
| Total Net Position - Ending | <u>\$ 2,147,160</u> | <u>\$ 2,151,022</u> | <u>\$ 3,862</u> |

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2021

| | <u>FARM FUND</u> | | |
|---------------------------------------|--------------------------------------|---------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>ACTUAL</u> | <u>Variance with Final Budget</u> |
| Operating Revenues | | | |
| Charges for services | | | |
| Licensing fees | \$ 40,000 | \$ 22,133 | \$ (17,867) |
| Rent | <u>8,400</u> | <u>8,400</u> | <u>-</u> |
| Total Operating Revenues | <u>48,400</u> | <u>30,533</u> | <u>(17,867)</u> |
| Operating Expenses | | | |
| Park and recreation | 3,600 | 53,590 | (49,990) |
| Depreciation | <u>-</u> | <u>8,968</u> | <u>(8,968)</u> |
| Total Operating Expenses | <u>3,600</u> | <u>62,558</u> | <u>(58,958)</u> |
| Operating Income (Loss) | <u>44,800</u> | <u>(32,025)</u> | <u>(76,825)</u> |
| Nonoperating Revenues (Expense) | | | |
| Interest income | <u>1,000</u> | <u>448</u> | <u>(552)</u> |
| Total Nonoperating Revenues (Expense) | <u>1,000</u> | <u>448</u> | <u>(552)</u> |
| Changes in Net Position | 45,800 | (31,577) | (77,377) |
| Total Net Position - Beginning | <u>2,443,952</u> | <u>2,443,952</u> | <u>-</u> |
| Total Net Position - Ending | <u>\$ 2,489,752</u> | <u>\$ 2,412,375</u> | <u>\$ (77,377)</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, 2021

| | <u>Pension Trust Funds</u> | | |
|--------------------------------|----------------------------|----------------------------------|----------------------|
| | <u>Police Pension</u> | <u>Non-Uniformed Pension</u> | <u>Total</u> |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 8,579,492 | \$ 975,761 | \$ 9,555,253 |
| Prepaid expenses | 205,920 | 37,762 | 243,682 |
| Receivables: | | | |
| Accrued interest | 117,643 | 25,635 | 143,278 |
| Other receivables | - | 13,402 | 13,402 |
| Total receivables | <u>117,643</u> | <u>39,037</u> | <u>156,680</u> |
| Investments, at fair value: | | | |
| U.S. government obligations | 3,705,364 | 716,438 | 4,421,802 |
| Government sponsored mortgages | 965,156 | 227,942 | 1,193,098 |
| Corporate obligations | 4,452,365 | 833,596 | 5,285,961 |
| Municipal obligations | 5,142,746 | 1,134,604 | 6,277,350 |
| Asset backed and mortgages | 2,654,838 | 709,011 | 3,363,849 |
| Mutual funds-equity | 1,391,839 | - | 1,391,839 |
| Mutual funds-debt | 1,898,545 | 364,982 | 2,263,527 |
| Stock equities | 30,079,868 | 6,502,564 | 36,582,432 |
| International stock | 394,000 | 76,802 | 470,802 |
| Real estate securities | 10,285 | - | 10,285 |
| Total investments | <u>50,695,006</u> | <u>10,565,939</u> | <u>61,260,945</u> |
| Total Assets | <u>59,598,061</u> | <u>11,618,499</u> | <u>71,216,560</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | <u>14,121</u> | <u>88,307</u> | <u>102,428</u> |
| Total Liabilities | <u>14,121</u> | <u>88,307</u> | <u>102,428</u> |
| <u>NET POSITION</u> | | | |
| Net Position - Restricted for: | | | |
| Pension benefits | <u>59,583,940</u> | <u>11,530,192</u> | <u>71,114,132</u> |
| Total Net Position | <u>\$ 59,583,940</u> | <u>\$ 11,530,192</u> | <u>\$ 71,114,132</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, 2021

| | <u>Pension Trust Funds</u> | | |
|---|----------------------------|----------------------------------|----------------------|
| | <u>Police Pension</u> | <u>Non-Uniformed Pension</u> | <u>Total</u> |
| Additions | | | |
| Contributions | | | |
| Member contributions | \$ 381,690 | \$ 177,098 | \$ 558,788 |
| Employer contributions | 2,873,141 | 170,824 | 3,043,965 |
| State aid | 460,539 | 244,661 | 705,200 |
| Total Contributions | <u>3,715,370</u> | <u>592,583</u> | <u>4,307,953</u> |
| Investment Income | | | |
| Net appreciation (depreciation) in fair value of investments | 4,954,541 | 1,027,425 | 5,981,966 |
| Interest and dividends | 972,388 | 207,674 | 1,180,062 |
| Total Investment Income | <u>5,926,929</u> | <u>1,235,099</u> | <u>7,162,028</u> |
| Total Additions | <u>9,642,299</u> | <u>1,827,682</u> | <u>11,469,981</u> |
| Deductions | | | |
| Benefits | 3,683,028 | 575,824 | 4,258,852 |
| Administrative expenses | 409,434 | 101,843 | 511,277 |
| Total Deductions | <u>4,092,462</u> | <u>677,667</u> | <u>4,770,129</u> |
| Change in Net Position | 5,549,837 | 1,150,015 | 6,699,852 |
| Net Position - Restricted: | | | |
| Beginning of Year | <u>54,034,103</u> | <u>10,380,177</u> | <u>64,414,280</u> |
| End of Year | <u>\$ 59,583,940</u> | <u>\$ 11,530,192</u> | <u>\$ 71,114,132</u> |

STATISTICAL SECTION

TOWNSHIP OF MIDDLETOWN

STATISTICAL SECTION

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

| Contents | Page |
|--|-------------|
| Financial Trends | |
| These schedules contain trend information that may assist the reader in assessing the governments' current financial performance by placing it in historical perspective. | 108 |
| Revenue Capacity | |
| These schedules contain information that may assist the reader in assessing the viability of the government's most significant local revenue sources. | 114 |
| Debt Capacity | |
| 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 |
| Economic & Demographic Information | |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the government's financial activities take place. | 123 |
| Operating Information | |
| 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 Annual Comprehensive Financial Reports for the relevant year.

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

(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 (2) | 2014 | 2013 | 2012 (1) |
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 36,934,898 | \$ 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 |
| Restricted | 2,625,455 | 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 |
| Unrestricted | <u>32,062,682</u> | <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> |
| Total Governmental Activities Net Position | <u>\$ 71,623,035</u> | <u>\$ 72,079,149</u> | <u>\$ 78,922,108</u> | <u>\$ 76,500,194</u> | <u>\$ 75,613,981</u> | <u>\$ 69,605,610</u> | <u>\$ 62,416,714</u> | <u>\$ 67,913,180</u> | <u>\$ 64,957,656</u> | <u>\$ 65,684,426</u> |
| Business-Type Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 4,492,440 | \$ 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 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted (Deficit) | <u>70,957</u> | <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> |
| Total Business-Type Activities Net Position | <u>\$ 4,563,397</u> | <u>\$ 4,605,856</u> | <u>\$ 4,674,042</u> | <u>\$ 4,684,981</u> | <u>\$ 4,659,876</u> | <u>\$ 4,661,679</u> | <u>\$ 4,618,393</u> | <u>\$ 4,573,271</u> | <u>\$ 4,552,422</u> | <u>\$ 4,533,771</u> |
| Primary Government | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 41,427,338 | \$ 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 |
| Restricted | 2,625,455 | 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 |
| Unrestricted | <u>32,133,639</u> | <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> |
| Total Primary Governmental Net Position | <u>\$ 76,186,432</u> | <u>\$ 76,685,005</u> | <u>\$ 83,596,150</u> | <u>\$ 81,185,175</u> | <u>\$ 80,273,857</u> | <u>\$ 74,267,289</u> | <u>\$ 67,035,107</u> | <u>\$ 72,486,451</u> | <u>\$ 69,510,078</u> | <u>\$ 70,218,197</u> |

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)**

| | Fiscal Year | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015 (2)</u> | <u>2014</u> | <u>2013</u> | <u>2012 (1)</u> |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General Government | \$ 3,959,687 | \$ 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 |
| Public Safety | 18,344,186 | 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 |
| Public Works | 10,210,647 | 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 |
| Parks and Recreation | 2,536,466 | 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 |
| Miscellaneous | 1,188,390 | 809,851 | 736,849 | 1,729,885 | 783,218 | 461,240 | 499,666 | 545,085 | 533,375 | 537,043 |
| Interest on Long-Term Debt | 355,405 | 554,642 | 270,896 | 655,904 | 745,549 | 675,204 | 756,506 | 642,361 | 661,242 | 1,069,783 |
| Unallocated Depreciation Expense | <u>1,305,214</u> | <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> |
| Total Governmental Activities Expense | \$ 37,899,995 | \$ 40,776,866 | \$ 34,286,378 | \$ 32,873,670 | \$ 29,746,987 | \$ 29,385,751 | \$ 27,941,587 | \$ 27,943,911 | \$ 27,453,472 | \$ 28,035,642 |
| Business-Type Activities | | | | | | | | | | |
| Proprietary Funds (combined) | | | | | | | | | | |
| Country Club | \$ 48,049 | \$ 188,924 | \$ 88,129 | \$ 52,319 | \$ 52,653 | \$ 66,596 | \$ 117,966 | \$ 132,830 | \$ 139,416 | \$ 137,397 |
| Farm Fund | <u>62,558</u> | <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> |
| Total Business-Type Activities Expenses | \$ 110,607 | \$ 204,998 | \$ 101,057 | \$ 62,212 | \$ 81,476 | \$ 82,371 | \$ 134,490 | \$ 159,586 | \$ 161,531 | \$ 157,116 |
| Total Primary Government Expenses | \$ 38,010,602 | \$ 40,981,864 | \$ 34,387,435 | \$ 32,935,882 | \$ 29,828,463 | \$ 29,468,122 | \$ 28,076,077 | \$ 28,103,497 | \$ 27,615,003 | \$ 28,192,758 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Service | | | | | | | | | | |
| General Government | \$ 1,207,328 | \$ 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 |
| Public Safety | 2,326,920 | 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 |
| Public Works | 4,988,041 | 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 |
| Parks and Recreation | 287,752 | 156,961 | 462,648 | 420,153 | 377,025 | 340,001 | 338,152 | 295,655 | 271,754 | 251,285 |
| Operating Grants and Contributions | 2,745,995 | 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 |
| Capital Grants and Contributions | <u>162,437</u> | <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> |
| Total Governmental Activities Program Revenues | \$ 11,718,473 | \$ 11,062,112 | \$ 11,807,315 | \$ 10,777,876 | \$ 10,848,270 | \$ 11,178,896 | \$ 10,864,658 | \$ 11,969,153 | \$ 12,428,498 | \$ 10,048,442 |
| Business-Type Activities | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| Proprietary Funds (combined) | | | | | | | | | | |
| Country Club | \$ 36,756 | \$ 49,006 | \$ 36,756 | \$ 36,756 | \$ 25,604 | \$ 125,888 | \$ 201,138 | \$ 201,259 | \$ 203,105 | \$ 196,912 |
| Farm Fund | <u>30,533</u> | <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> |
| Operating Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Business-Type Activities Program Revenues | \$ 67,289 | \$ 97,406 | \$ 85,156 | \$ 76,756 | \$ 71,588 | \$ 135,888 | \$ 241,138 | \$ 241,259 | \$ 243,105 | \$ 236,912 |
| Total Primary Government Program Revenues | \$ 11,785,762 | \$ 11,159,518 | \$ 11,892,471 | \$ 10,854,632 | \$ 10,919,858 | \$ 11,314,784 | \$ 11,105,796 | \$ 12,210,412 | \$ 12,671,603 | \$ 10,285,354 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (26,181,522) | \$ (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) |
| Business-Type Activities | (43,318) | (107,592) | (15,901) | 14,544 | (9,888) | 53,517 | 106,648 | 81,673 | 81,574 | 79,796 |
| Total Primary Government Net Expense | \$ (26,224,840) | \$ (29,822,346) | \$ (22,494,964) | \$ (22,081,250) | \$ (18,908,605) | \$ (18,153,338) | \$ (16,970,281) | \$ (15,893,085) | \$ (14,943,400) | \$ (17,907,404) |

(continued)

| General Revenues and Other Changes in Net Position | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 (2) | 2014 | 2013 | 2012 (1) |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Property Taxes | \$ 8,766,317 | \$ 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 |
| Earned Income Tax | 9,198,305 | 7,910,977 | 8,701,147 | 7,103,427 | 8,753,759 | 7,727,374 | 6,783,852 | 4,080,744 | - | - |
| Other Taxes | 6,859,597 | 3,790,869 | 5,538,712 | 5,692,299 | 5,335,482 | - | 4,946,763 | 4,893,608 | 4,697,360 | 4,513,623 |
| Investment Income | 866,284 | 1,601,713 | 2,079,183 | 986,755 | 637,245 | 659,084 | 174,227 | 655,107 | 104,391 | 435,806 |
| Sale of Capital Assets | 609 | - | - | 6,700 | 11,226 | 4,995 | 69,798 | - | 19,604 | - |
| Miscellaneous | 34,296 | 426,308 | 456,837 | 97,147 | 54,816 | 54,796 | 495,175 | 12,978 | 98,060 | 20,804 |
| Transfers, net | - | - | - | - | - | 19,363 | 15,370 | 69,275 | 69,275 | 69,275 |
| Proceeds, from Debt Restructuring | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | <u>\$ 25,725,408</u> | <u>\$ 22,871,795</u> | <u>\$ 25,954,537</u> | <u>\$ 22,982,007</u> | <u>\$ 23,890,050</u> | <u>\$ 17,751,877</u> | <u>\$ 21,749,781</u> | <u>18,930,282</u> | <u>14,298,204</u> | <u>14,343,280</u> |
| Business-Type Activities | | | | | | | | | | |
| Investment Income | \$ 859 | \$ 1,703 | \$ 13,362 | \$ 10,561 | \$ 8,085 | \$ 9,132 | \$ 7,749 | \$ 8,451 | \$ 6,352 | \$ 9,150 |
| Miscellaneous | - | 37,703 | - | - | - | - | - | - | - | - |
| Transfers, net | - | - | - | - | - | (19,363) | (69,275) | (69,275) | (69,275) | (69,275) |
| Total Business-Type Activities | <u>\$ 859</u> | <u>\$ 39,406</u> | <u>\$ 13,362</u> | <u>\$ 10,561</u> | <u>\$ 8,085</u> | <u>\$ (10,231)</u> | <u>\$ (61,526)</u> | <u>\$ (60,824)</u> | <u>\$ (62,923)</u> | <u>\$ (60,125)</u> |
| Total Primary Government General Revenues and Other | <u>\$ 25,726,267</u> | <u>\$ 22,911,201</u> | <u>\$ 25,967,899</u> | <u>\$ 22,992,568</u> | <u>\$ 23,898,135</u> | <u>\$ 17,741,646</u> | <u>\$ 21,688,255</u> | <u>\$ 18,869,458</u> | <u>\$ 14,235,281</u> | <u>\$ 14,283,155</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ (456,114) | \$ (6,842,959) | \$ 3,475,474 | \$ 886,213 | \$ 4,991,333 | \$ (454,978) | \$ 4,672,852 | \$ 2,955,524 | \$ (726,770) | \$ (3,643,920) |
| Business-Type Activities | (42,459) | (68,186) | (2,539) | 25,105 | (1,803) | 43,286 | 45,122 | 20,849 | 18,651 | 19,671 |
| Total Primary Government Change in Net Position | <u>\$ (498,573)</u> | <u>\$ (6,911,145)</u> | <u>\$ 3,472,935</u> | <u>\$ 911,318</u> | <u>\$ 4,989,530</u> | <u>\$ (411,692)</u> | <u>\$ 4,717,974</u> | <u>\$ 2,976,373</u> | <u>\$ (708,119)</u> | <u>\$ (3,624,249)</u> |

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 | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, undesignated | - | - | - | - | - | - | - | - | - | - |
| Non-spendable | - | - | 11,951 | 45,458 | 138,734 | 7,343 | 34,252 | 23,301 | - | - |
| Restricted | 160,188 | 265,763 | 248,397 | 225,492 | 179,739 | 146,619 | 108,516 | 98,695 | - | - |
| Committed | 435,782 | 452,282 | 462,211 | 466,955 | 473,358 | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | 7,440,849 | 6,286,394 | 8,172,451 | 7,254,048 | 8,942,469 | 7,883,196 | 5,359,161 | 3,907,662 | 2,081,418 | 2,803,476 |
| Total General Fund | <u>\$ 8,036,819</u> | <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> |
| 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 |
| Restricted | 2,465,267 | 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 |
| Committed | 503,205 | 663,799 | 683,065 | 623,862 | 39,485,092 | 39,374,415 | 39,298,484 | 39,222,508 | 39,275,872 | 40,369,420 |
| Assigned | 49,818,188 | 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 |
| Unassigned | - | - | - | - | - | 1,478 | (224) | (11,809) | - | - |
| Total all Other Governmental Funds | <u>\$ 52,786,660</u> | <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> |
| Total Governmental Funds | <u>\$ 60,823,479</u> | <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> |

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 | | | | | | | | | |
|--|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenue | | | | | | | | | | |
| Taxes (Non Earned Income Tax) | \$ 16,069,942 | \$ 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 |
| Earned Income Tax | 9,082,305 | 8,116,977 | 8,415,147 | 7,998,427 | 8,349,759 | 7,612,374 | 6,783,852 | 4,080,744 | - | - |
| Licenses and Permits | 1,074,884 | 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 |
| Fines and Forfeits | 109,993 | 117,897 | 118,540 | 131,869 | 144,157 | 138,439 | 147,825 | 124,174 | 175,359 | 169,122 |
| Interest and Rents | 865,757 | 1,161,353 | 1,481,943 | 1,216,075 | 940,342 | 781,998 | 760,385 | 742,632 | 902,852 | 939,391 |
| Intergovernmental Revenues | 2,649,165 | 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 |
| Charges for Services | 7,569,354 | 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 |
| Special Assessment | - | - | - | - | - | - | - | - | 818 | - |
| Contribution Private Source | 78,400 | 66,050 | 12,176 | 12,404 | 55,660 | 19,208 | 55,497 | 68,155 | 576,698 | 74,867 |
| Gain/(Loss) on Investments | (1,004,417) | 440,056 | 597,640 | (229,320) | (303,097) | (122,914) | (265,210) | (87,525) | (798,461) | (503,585) |
| Miscellaneous Revenues | 215,162 | 446,287 | 354,483 | 256,569 | 115,190 | 62,097 | 131,790 | 12,978 | 98,060 | 20,804 |
| Total Revenues | \$ 36,710,545 | \$ 34,050,920 | \$ 37,295,479 | \$ 34,734,853 | \$ 34,340,818 | \$ 34,181,264 | \$ 32,618,088 | \$ 30,940,467 | \$ 26,555,305 | \$ 24,275,826 |
| Expenditures | | | | | | | | | | |
| General Government | \$ 2,592,692 | \$ 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 |
| Public Safety | 18,498,390 | 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 |
| Public Works | 8,255,418 | 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 |
| Parks and Recreation | 1,465,936 | 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 |
| Miscellaneous Expenditures | 1,188,390 | 809,851 | 736,849 | 1,729,885 | 783,218 | 461,240 | 499,666 | 545,085 | 533,375 | 537,043 |
| Capital Outlay/Development | 4,157,179 | 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 |
| Debt Service | | | | | | | | | | |
| Principal | 1,910,163 | 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 |
| Interest | 662,514 | 609,612 | 562,179 | 641,331 | 671,254 | 658,549 | 706,649 | 649,734 | 685,612 | 852,309 |
| Other Charges | 780 | 780 | 1,560 | 2,340 | 1,560 | 153,525 | - | - | - | 153,063 |
| Total Expenditures | \$ 38,731,462 | \$ 35,956,330 | \$ 37,134,610 | \$ 34,917,664 | \$ 32,946,461 | \$ 30,833,179 | \$ 31,679,086 | \$ 31,024,776 | \$ 28,805,634 | \$ 26,888,751 |
| Excess of Revenues Over (Under) Expenditures | \$ (2,020,917) | \$ (1,905,410) | \$ 160,869 | \$ (182,811) | \$ 1,394,357 | \$ 3,348,085 | \$ 939,002 | \$ (84,309) | \$ (2,250,329) | \$ (2,612,925) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Refunding Bonds | \$ 6,260,000 | \$ 13,895,000 | \$ - | \$ - | \$ 1,116,648 | \$ 9,490,000 | \$ - | \$ 10,460,850 | \$ - | \$ 8,925,000 |
| Premium on Bond Issuance | 1,157,232 | 1,612,345 | - | - | - | 505,056 | - | 371,694 | - | 150,892 |
| Discount on Bond Issuance | - | - | - | - | - | - | - | - | - | - |
| Payment to Refunded Bonds Escrow Agent | (7,311,000) | (12,444,183) | - | - | - | (6,435,448) | - | (5,190,642) | - | (8,922,829) |
| Bond Refinancing Expenses | - | - | - | - | - | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | 609 | - | - | 6,700 | 11,930 | 4,995 | 15,370 | - | 19,604 | - |
| Issuance of Long Term Notes and Leases | - | - | - | 311,773 | - | - | - | - | - | - |
| Transfers In | 1,459,500 | 157,200 | 159,600.00 | 2,500,000 | 2,557,731 | 2,099,063 | 2,822,775 | 221,975 | 1,522,275 | 1,538,975 |
| Transfers Out | (1,459,500) | (157,200) | (159,600) | (2,500,000) | (2,557,731) | (2,079,700) | (2,753,500) | (152,700) | (1,453,000) | (1,469,700) |
| Total other Financing Sources (Uses) | \$ 106,841 | \$ 3,063,162 | \$ - | \$ 318,473 | \$ 1,128,578 | \$ 3,583,966 | \$ 84,645 | \$ 5,711,177 | \$ 88,879 | \$ 222,338 |
| Net Change in Fund Balances | \$ (1,914,076) | \$ 1,157,752 | \$ 160,869 | \$ 135,662 | \$ 2,522,935 | \$ 6,932,051 | \$ 1,023,647 | \$ 5,626,868 | \$ (2,161,450) | \$ (2,390,587) |
| Debt Service as a Percentage of Non Capital Expenditures | 7.12% | 8.62% | 8.48% | 9.15% | 10.10% | 9.66% | 9.20% | 8.74% | 10.54% | 11.66% |

Source: Middletown Township Financial Statements

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 |
|------|----------------|-------------------|---------------|--------------------|----------------|--------------------------|-------------|----------------|-----------------------|---------------|
| 2021 | 9,210,345 | 9,082,305 | 1,509,645 | 1,019,829 | 1,265,203 | 2,591,620 | 278,048 | 149,262 | 45,990 | \$ 25,152,247 |
| 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 |

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 |
|------|----------------------------------|---------------------------|------------------------------|--|--|--|
| 2021 | 612,472,285 | 84,547,995 | 527,924,290 | 5,593,354,203 | 10.95% | 17.57 |
| 2020 | 612,329,331 | 84,528,261 | 527,801,070 | 5,447,769,852 | 11.24% | 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 |

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 | | | Neshaminy School District | Total |
|------|------------------------|-------------------------|---------------------------|----------------------|-------------------------|-------------------------|------------------------------|--|
| | Township of Middletown | | | Bucks County, PA | | | | |
| | Operating Millage | Debt Service Millage | Total Township Millage | Operating Millage | Debt Service Millage | Total County Millage | Total Millage | Direct & Overlapping Millage Rates |
| 2021 | 12.42500 | 5.14500 | 17.57000 | 19.78820 | 5.66180 | 25.45000 | 165.60000 | 208.62000 |
| 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, 2021 | | | December 31, 2011 | | |
|---|------------------------|-------------------|------|---------------------|-------------------|------|---------------------|
| | | Taxable Assessed | Rank | Percentage of Total | Taxable Assessed | Rank | Percentage of Total |
| | | Value (1) | | Assessed Valuation | Value (1) | | Assessed Valuation |
| | | | | (2) | | (3) | |
| McStome, Inc. (Kravco) | Commercial Development | 6,849,850 | 1 | 1.30% | 21,042,460 | 1 | 3.98% |
| 800 (Eight) Trenton Assoc LP | Apartment Complex | 4,368,800 | 2 | 0.83% | 4,368,800 | 3 | 0.83% |
| Harper's Crossing Owner LLC (Jefferson Woods) | Residential Community | 4,157,100 | 3 | 0.79% | 4,157,100 | 4 | 0.79% |
| Shoppes at Flowers Mills | Shopping Center | 2,731,320 | 4 | 0.52% | 3,227,200 | 6 | 0.61% |
| Paramount Plaza at Lincoln LLC | Shopping Center | 2,599,030 | 5 | 0.49% | | | |
| Guttman (Langhome 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 \$527,924,290

(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 |
| 2021 | \$ 9,275,630 | \$ 9,128,410 | 98.41% | \$ 81,935 | \$ 9,210,345 | 99.30% |
| 2020 | 9,273,465 | 9,020,507 | 97.27% | 88,265 | 9,108,772 | 98.22% |
| 2019 | 9,324,353 | 9,133,117 | 97.95% | 117,973 | 9,251,090 | 99.21% |
| 2018 | 9,333,851 | 9,129,523 | 97.81% | 108,337 | 9,237,860 | 98.97% |
| 2017 | 9,338,231 | 9,230,852 | 98.85% | 119,395 | 9,350,247 | 100.13% |
| 2016 | 9,321,616 | 9,230,852 | 99.03% | 119,395 | 9,350,247 | 100.31% |
| 2015 | 9,313,393 | 9,230,852 | 99.11% | 119,395 | 9,350,247 | 100.40% |
| 2014 | 9,271,101 | 9,230,852 | 99.57% | 119,395 | 9,350,247 | 100.85% |
| 2013 | 9,278,779 | 9,230,852 | 99.48% | 119,395 | 9,350,247 | 100.77% |
| 2012 | 9,303,785 | 9,230,852 | 99.22% | 119,395 | 9,350,247 | 100.50% |

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Debt Limit | \$ 61,247,229 | \$ 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 |
| Total Net Debt Applicable to Limit | 17,287,385 | 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 |
| Legal Debt Margin | <u>\$ 43,959,844</u> | <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> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 28.23% | 32.24% | 33.05% | 36.43% | 40.26% | 44.24% | 39.87% | 4.33% | 39.15% | 42.41% |
| Legal Debt Margin Calculation | | | | | | | | | | |
| Assessed Value | \$ 527,924,290 | | | | | | | | | |
| Add Back: Exempt Real Property | <u>84,547,995</u> | | | | | | | | | |
| Total Assessed Value | <u>\$ 612,472,285</u> | | | | | | | | | |
| Debt Limit (10% of Total Assessed Value) | \$ 61,247,229 | | | | | | | | | |
| Debt Applicable to Limit | | | | | | | | | | |
| General Obligation Bonds | \$ 16,850,000 | | | | | | | | | |
| Less: Amount set aside for repayment of General Obligation Debt | <u>\$ (437,385)</u> | | | | | | | | | |
| Total Net Debt Applicable to Limit | <u>\$ 17,287,385</u> | | | | | | | | | |
| Legal Debt Margin | <u>\$ 43,959,844</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 | Term Loan | | | |
| 2021 | \$ 19,131,790 | \$ 797,369 | | \$ 19,929,159 | 1.00% | \$ 433 |
| 2020 | 21,372,510 | 927,594 | | 22,300,104 | 1.11% | 484 |
| 2019 | 20,719,065 | 1,057,564 | - | 21,776,629 | 1.32% | 479 |
| 2018 | 22,989,824 | 1,411,887 | - | 24,401,711 | 1.48% | 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 | 1.59% | 580 |
| 2014 | 27,669,635 | 615,816 | 149,448 | 28,434,899 | 1.67% | 626 |
| 2013 | 24,447,431 | - | 220,875 | 24,668,306 | 1.52% | 542 |
| 2012 | 26,529,949 | - | 288,154 | 26,818,103 | 1.68% | 590 |

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 |
|------|------------------------------------|---|----------------------------|---|------------|
| 2021 | \$ 19,131,790 | \$ 437,385 | \$ 18,694,405 | 0.33% | 406 |
| 2020 | 21,372,510 | 144,155 | 21,228,355 | 0.35% | 467 |
| 2019 | 20,719,065 | 171,399 | 20,547,666 | 0.34% | 452 |
| 2018 | 22,989,824 | 200,909 | 22,788,915 | 0.34% | 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 |

(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, 2021

| Government Unit | Gross Outstanding Debt | Percentage Applicable to Middletown Township | Amount Applicable to Middletown Township |
|-------------------------------|------------------------|--|--|
| Township of Middletown (1) | \$ 22,300,104 | 100.00% | \$ 22,300,104 |
| Neshaminy School District (2) | \$ 131,980,000 | 67.51% | \$ 89,099,698 |
| Bucks County (3) | <u>143,835,000</u> | 63.29% | <u>91,039,692</u> |
| Sub-Total Overlapping Debt | \$ 275,815,000 | | \$ 180,139,390 |
| Total | \$ 298,115,104 | | \$ 202,439,494 |

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, 2021 based on ratio of Middletown Township's assessed valuation (see Schedule 5) to Bucks County's 2021 assessed valuation of \$8,396,302,390 (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) |
|------|----------------|---|--------------------------|----------------|--------------------------|--------------------------|
| 2021 | 46,040 | 2,002,141 | 43,487 | 43.3 | 8,742 | 3.60% |
| 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% |

Sources

(1) American Fact Finder, 201320 American Community Survey, and US Census Bureau (2020 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, 2021 (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 | 1,977 | 1 | 6.30% | 2,456 | 1 | 9.67% |
| Neshaminy School District | Education | 1,140 | 2 | 3.64% | 1,382 | 4 | 5.44% |
| Woods Services, Inc. | Education | 1,028 | 3 | 3.28% | 1,698 | 2 | 6.69% |
| SeaWorld Parks & Entertainment | Entertainment/Theme Park | 909 | 4 | 2.90% | | | |
| Giant Food Stores LLC | Retail | 596 | 5 | 1.90% | | | |
| Pennswood Village | Retirement Community | 398 | 6 | 1.27% | 419 | 6 | 1.65% |
| George School | Education | 355 | 7 | 1.13% | | | |
| Target Corporation | Retail | 308 | 8 | 0.98% | | | |
| Langhorne Physician Services | Healthcare | 294 | 9 | 0.94% | | | |
| Bluepearl Vet | Veterinarian | 293 | 10 | 0.93% | | | |
| Total | | 7,298 | | 23.27% | 5,955 | | 23.44% |

(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>2021</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> |
| General Government | | | | | | | | | | |
| Administration | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Finance | 4.5 | 4.5 | 5.0 | 4.5 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Personal | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Police | | | | | | | | | | |
| Police Officers | 59.0 | 59.0 | 59.0 | 59.0 | 57.0 | 56.0 | 54.0 | 51.0 | 51.0 | 48.0 |
| Police Civilians (1) | 17.5 | 17.5 | 17.5 | 15.5 | 15.5 | 13.0 | 13.0 | 16.0 | 16.0 | 16.0 |
| Public Works | | | | | | | | | | |
| Administration | 1.0 | 1.5 | 2.5 | 2.5 | 2.0 | 2.5 | 2.5 | 3.0 | 3.0 | 2.5 |
| Maintenance/Labor | 21.0 | 20.0 | 15.5 | 16.5 | 15.5 | 12.5 | 12.5 | 12.0 | 11.0 | 11.0 |
| Summer/Seasonal | 3.5 | 2.0 | 5.0 | 5.0 | 4.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 |
| Community Services | | | | | | | | | | |
| Administration | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Custodial/Labor (2) | - | - | - | - | - | - | - | - | - | - |
| Emergency Services | | | | | | | | | | |
| Officers/Inspectors (3) | 6.00 | 5.50 | 8.50 | 7.75 | 4.5 | 3.0 | 3.0 | 3.0 | 3.0 | 2.5 |
| Administration | - | - | - | - | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Parks & Recreation | | | | | | | | | | |
| Administration | 4.0 | 4.0 | 4.5 | 4.5 | 3.5 | 3.0 | 3.0 | 4.0 | 4.0 | 3.0 |
| Equipment Operator/Labor | 3.0 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 4.0 | 4.0 | 4.0 |
| Summer Rec/Seasonal | 21.5 | 12.5 | 23.0 | 23.0 | 22.5 | 22.0 | 22.0 | 24.0 | 24.5 | 24.5 |
| Misc. Program Facilitators | 4.0 | 4.0 | 4.0 | 4.0 | 6.0 | 8.0 | 8.0 | 8.0 | 6.0 | 6.0 |
| Licenses, Inspections & Zoning | <u>9.0</u> | <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> |
| Totals | <u>159.00</u> | <u>147.00</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> |

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/s

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

| | Fiscal Year | | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>2021</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> |
| General Government | | | | | | | | | | |
| Administration | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Finance | 4.5 | 4.5 | 5.0 | 4.5 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Personal | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Police | | | | | | | | | | |
| Police Officers | 59.0 | 59.0 | 59.0 | 59.0 | 57.0 | 56.0 | 54.0 | 51.0 | 51.0 | 48.0 |
| Police Civilians (1) | 17.5 | 17.5 | 17.5 | 15.5 | 15.5 | 13.0 | 13.0 | 16.0 | 16.0 | 16.0 |
| Public Works | | | | | | | | | | |
| Administration | 1.0 | 1.5 | 2.5 | 2.5 | 2.0 | 2.5 | 2.5 | 3.0 | 3.0 | 2.5 |
| Maintenance/Labor | 21.0 | 20.0 | 15.5 | 16.5 | 15.5 | 12.5 | 12.5 | 12.0 | 11.0 | 11.0 |
| Summer/Seasonal | 3.5 | 2.0 | 5.0 | 5.0 | 4.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 |
| Community Services | | | | | | | | | | |
| Administration | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Custodial/Labor (2) | - | - | - | - | - | - | - | - | - | - |
| Emergency Services | | | | | | | | | | |
| Officers/Inspectors (3) | 6.00 | 5.50 | 8.50 | 7.75 | 4.5 | 3.0 | 3.0 | 3.0 | 3.0 | 2.5 |
| Administration | - | - | - | - | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Parks & Recreation | | | | | | | | | | |
| Administration | 4.0 | 4.0 | 4.5 | 4.5 | 3.5 | 3.0 | 3.0 | 4.0 | 4.0 | 3.0 |
| Equipment Operator/Labor | 3.0 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 4.0 | 4.0 | 4.0 |
| Summer Rec/Seasonal | 21.5 | 12.5 | 23.0 | 23.0 | 22.5 | 22.0 | 22.0 | 24.0 | 24.5 | 24.5 |
| Misc. Program Facilitators | 4.0 | 4.0 | 4.0 | 4.0 | 6.0 | 8.0 | 8.0 | 8.0 | 6.0 | 6.0 |
| Licenses, Inspections & Zoning | <u>9.0</u> | <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> |
| Totals | <u>159.00</u> | <u>147.00</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> |

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|----------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2021</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> |
| Emergency Services | | | | | | | | | | |
| Fire Stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Vehicle Units | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 32 |
| General Government | | | | | | | | | | |
| 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 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks & Recreation | | | | | | | | | | |
| 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 | 142.00 |
| Acreage of Greenbelts/Open Space | 529 | 529 | 529 | 529 | 529 | 529 | 529 | 529 | 529 | 518 |
| Police | | | | | | | | | | |
| Stations | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 58 | 52 | 50 | 47 | 47 | 45 | 45 | 46 | 46 | 45 |
| Trained Canines | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Works | | | | | | | | | | |
| 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 | 34 | 26 | 25 | 24 | 24 | 24 | 24 | 24 | 24 |
| Off-Road Equipment | 8 | 8 | 8 | 8 | 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