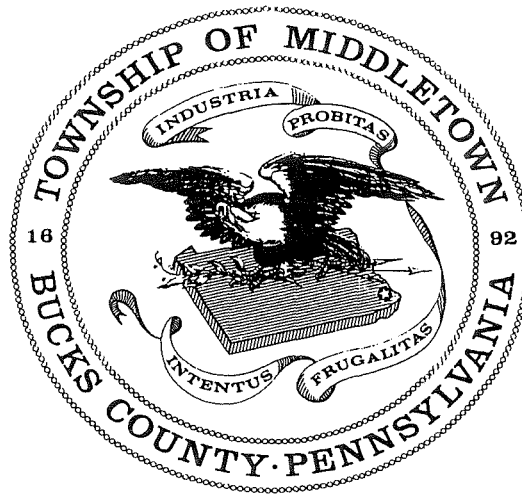


MIDDLETOWN TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2010



MIDDLETOWN TOWNSHIP
COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2010

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MIDDLETOWN TOWNSHIP
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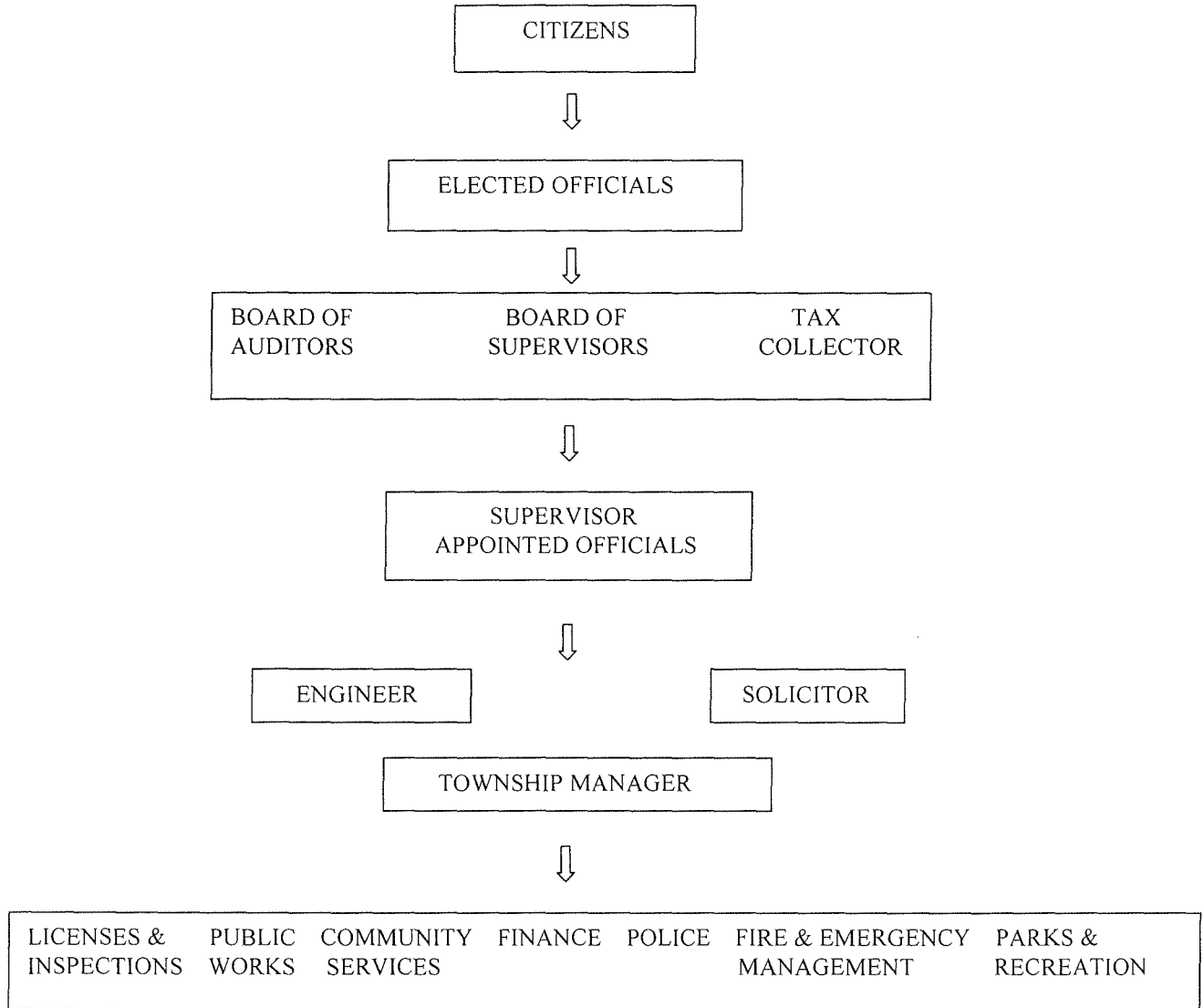
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TOWNSHIP OF MIDDLETOWN

ORGANIZATIONAL CHART



APPOINTED CITIZENS ADVISORY BOARDS & COMMISSIONS

- Zoning Hearing Board
- Park & Recreation Board
- Environmental Advisory Council
- Financial Advisory Committee
- Cable & Telecommunications Advisory Board
- Youth Aid Panel
- Community Beautification Committee
- Planning Commission
- Historic Preservation Commission
- Drug & Alcohol Commission
- Disabled Persons Advisory Board
- Teen Task Force
- Technical Code Board of Appeals
- Duty Tow Arbitration Panel
- Veterans Memorial Park Committee

2010 BOARD OF SUPERVISORS

Thomas Gallagher, Chairperson

Patrick Mallon, Vice Chairperson

H. George Leonhauser, Secretary

Drew Kreiling, Member

Robert G. McMonagle, Member

EXECUTIVE OFFICIALS

Deborah Lamanna, Acting Township Manager and Director of Parks and
Recreation

Joseph Pizzo, Esq., Township Solicitor

Patrick Duffy, P.E., Township Engineer

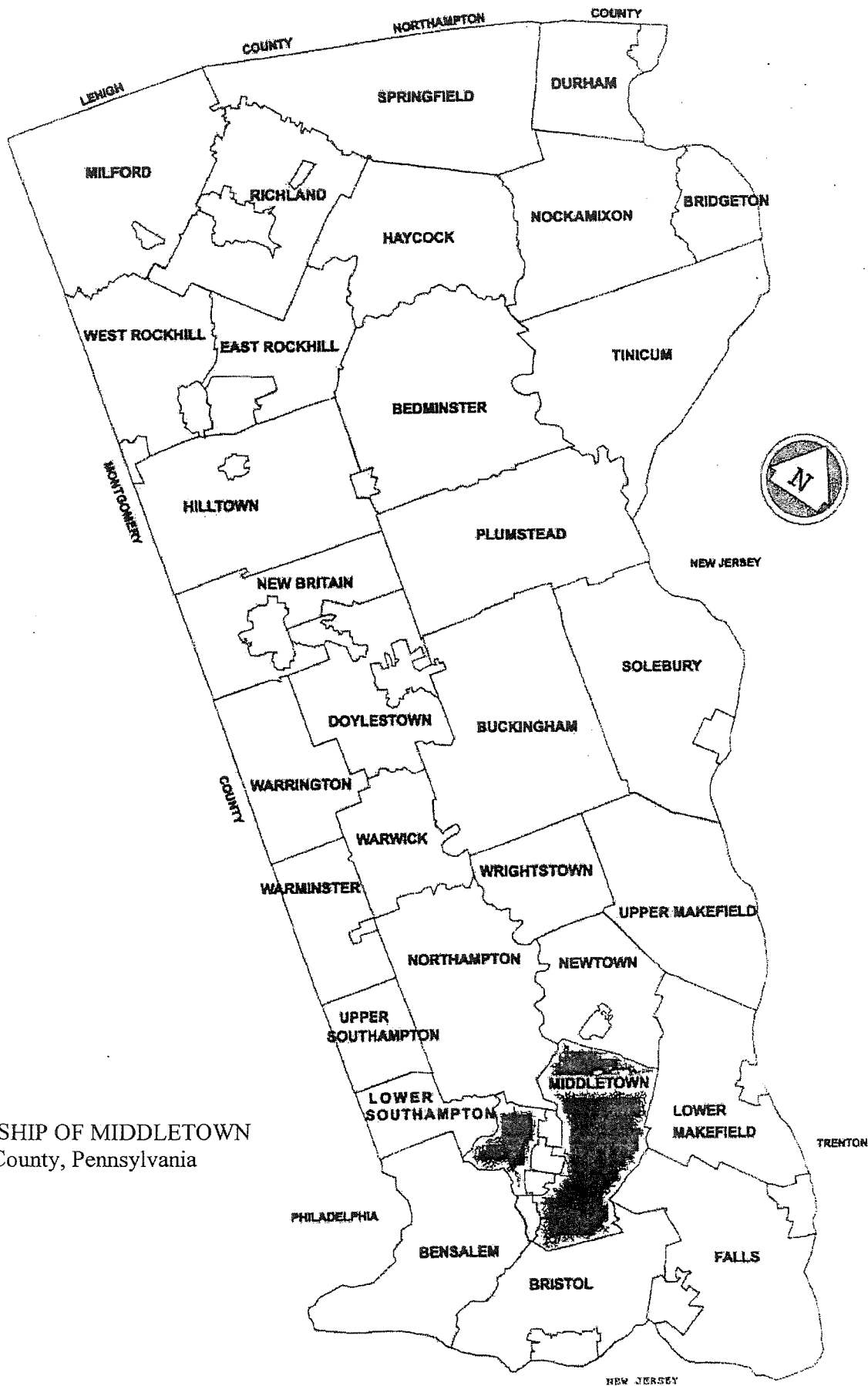
James Kane, Chief of Police

Dennis M. Penko, Director of Finance

Erich Wendel, Director of Public Works

James Peet, Director of Licenses & Inspections

James McGuire, Fire Marshal



TOWNSHIP OF MIDDLETOWN
Bucks County, Pennsylvania

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Middletown Township
Bucks County, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Middletown Township, Bucks County, Pennsylvania (the "Township"), as of December 31, 2010, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Township's nonmajor governmental funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township, as of December 31, 2010, and the respective changes in its financial position and cash flows where applicable, thereof and the budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In

INDEPENDENT AUDITORS' REPORT (CONTINUED)

addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Township as of December 31, 2010 and the respective changes in financial position and cash flows, were applicable, thereof and the budgetary comparison for the debt service fund, and investment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the schedules of funding progress for the Other Post Retirement Benefits, and the schedule of funding progress for Pension Plans, and the related note on pages 3 through 16 and pages 58 through 60, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Mercadien, P.C.
Certified Public Accountants

June 24, 2011

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")

For the Fiscal Year Ended December 31, 2010

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, 2010. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Readers should also review the independent auditor's opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance.

The first group of basic financial statements required by Governmental Accounting Standards Board Statement 34 ("GASB 34") is the government-wide financial statements, which are comprised of the Statement of Net Assets and Statement of Activities. These statements report all of the assets, liabilities, revenues, and expenses 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.

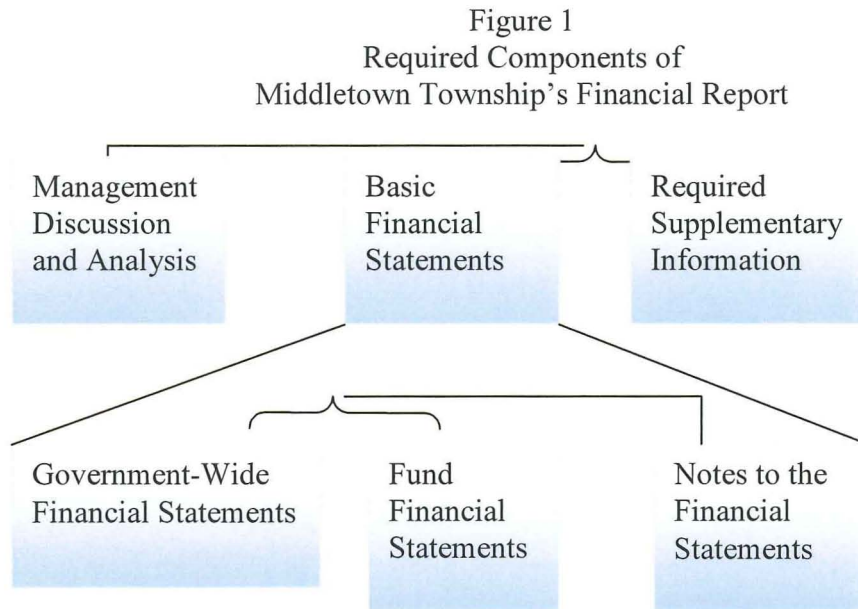
Proprietary fund statements offer financial information about the activities that the Township operates like a business, that being the Middletown Country Club and the Styers Farm. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee 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.

MIDDLETOWN TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
REQUIRED SUPPLEMENTARY INFORMATION (“RSI”)
For the Fiscal Year Ended December 31, 2010

Unaudited

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



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 Assets on page 17 includes all of the government’s assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets 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 and the condition of Township infrastructure.

The Statement of Activities on page 18 reports how the Township’s net assets have changed during the current fiscal year. It accounts for all of the current year’s revenues and expenses 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 expenses net of program revenue, allocating program revenue to the particular expense categories they offset. General revenues, such as taxes, are reported separately.

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")

For the Fiscal Year Ended December 31, 2010

Unaudited

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 Styers 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/or 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 Assets and the Statement of Activities) and the governmental funds is reconciled in the financial statements on page 20 and 22.

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.

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")
For the Fiscal Year Ended December 31, 2010

Unaudited

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 29 through 56 of this report.

Financial Analysis of the Township as a Whole

Net assets may serve, over time, as a useful indicator of a government's financial position. In Middletown Township, assets exceed liabilities by \$70,260,891 and \$71,209,220 at the close of the years ended December 31, 2010 and 2009, respectively.

The following table provides a summary of the Township's net assets at December 31, 2010 and December 31, 2009:

Table 1
Summary of Net Assets
For the Years Ending 12/31/10 and 12/31/09
(Government-Wide)

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 53,600,121	\$ 55,798,399	\$ 432,542	\$ 448,805	\$ 54,032,663	\$ 56,247,204
Capital Assets	51,455,105	51,206,198	4,492,127	4,573,175	55,947,232	55,779,373
Total Assets	<u>\$ 105,055,226</u>	<u>\$ 107,004,597</u>	<u>\$ 4,924,669</u>	<u>\$ 5,021,980</u>	<u>\$ 109,979,895</u>	<u>\$ 112,026,577</u>
Current and Other Liabilities	\$ 3,991,235	\$ 3,634,762	\$ 545,147	\$ 574,901	\$ 4,536,382	\$ 4,209,663
Long-Term Liabilities	30,803,100	32,160,615	351,525	411,215	31,154,625	32,571,830
Total Liabilities	<u>\$ 34,794,335</u>	<u>\$ 35,795,377</u>	<u>\$ 896,672</u>	<u>\$ 986,116</u>	<u>\$ 35,691,007</u>	<u>\$ 36,781,493</u>
Net Assets						
Investment in Capital Assets, net of related debt	\$ 21,564,018	\$ 19,432,022	\$ 4,492,127	\$ 4,105,739	\$ 26,056,145	\$ 23,537,761
Restricted	5,098,898	9,774,983	-	-	5,098,898	9,774,983
Unrestricted	43,597,975	42,002,215	(464,130)	(69,875)	43,133,845	41,932,340
Total Net Assets	<u>\$ 70,260,891</u>	<u>\$ 71,209,220</u>	<u>\$ 4,027,997</u>	<u>\$ 4,035,864</u>	<u>\$ 74,288,888</u>	<u>\$ 75,245,084</u>

The current assets of the Township are comprised 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 (\$41.8 million in 2010). 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. 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 C to the Basic Financial Statements.

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")
For the Fiscal Year Ended December 31, 2010

Unaudited

Current liabilities consist of accounts payable, various accruals and the current portion of long term liabilities. Long-term liabilities include principal balances owed on various general obligation bonds and notes, and accrued sick and severance pay. The outstanding principal on the 2006, 2008, 2009 and 2010 bond issues make up \$29,930,000 of the long-term liabilities balance at year end 2010. Debt administration is discussed later in this report and in Note D to the Basic Financial Statements.

The difference between the assets and liabilities is labeled as net assets. Net assets are broken down as Capital, Restricted and Unrestricted. Net Assets, investment in capital assets is reported net of accumulated depreciation and any outstanding principal owed on related debt. Restricted net assets are restricted by outside parties: creditors, grantors, contributors, or other governments. They are restricted for items such as debt service, arbitrage rebates, and specific capital projects. The remaining unrestricted net assets are comprised of designated and undesignated amounts. The designated balances are amounts set aside to fund future purchases or capital projects as planned by the Township. Undesignated amounts are not currently the object of any tentative management plans.

Governmental Activities decreased the Township's net assets by \$948,329 during the current fiscal year. This is an improvement over the 2009 decrease in net assets of \$2,484,309, and is indicative of a renewed effort by the Township to control costs, by limiting expense growth to 1.9%, and to enhance revenues.

Business-Type Activities decreased the Township's net assets by \$7,867 during the current fiscal year. These activities are comprised of the Middletown Country Club and the Styer's Farm. This modest decrease is slightly unfavorable to the 2009 increase in net assets of \$4,719.

The result of this year's operations as a whole are reported in the Statement of Activities on page 18. All expenses are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expense categories are netted against them to determine the final amount of the Township's activities that are supported by other general revenues, primarily Property Taxes and Other Taxes (Act 511 Taxes). Basically, the Statement shows which Township expenses are funded by specific program revenues and the balance of expenses left to be funded by tax revenues.

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")

For the Fiscal Year Ended December 31, 2010

Unaudited

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, 2010, compared to December 31, 2009.

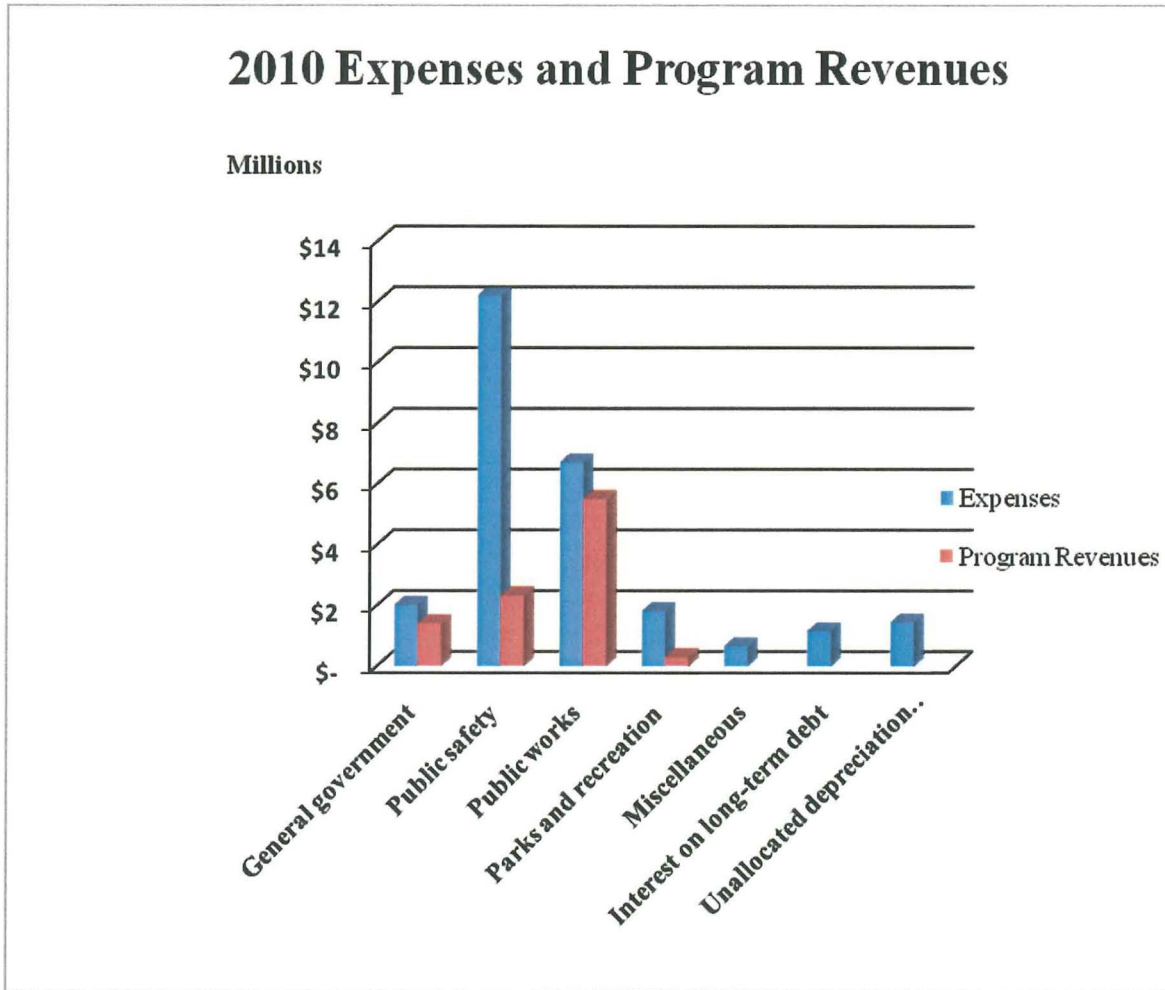
Table 2
Changes in Net Assets
For the Years Ending 12/31/10 and 12/31/09
(Government-Wide)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,400,084	\$ 7,133,487	\$ 182,000	\$ 182,000	\$ 7,582,084	\$ 7,315,487
Operating Grants/Contributions	2,192,687	2,054,509	-	-	2,192,687	2,054,509
General Revenues:						
Property Taxes	9,246,523	8,602,678	-	-	9,246,523	8,602,678
Other Taxes	4,419,632	4,001,130	-	-	4,419,632	4,001,130
Investment Income	1,168,697	488,609	4,804	9,370	1,173,501	497,979
Miscellaneous	7,285	97,677	-	-	7,285	97,677
Total Revenues	\$ 24,434,908	\$ 22,378,090	\$ 186,804	\$ 191,370	\$ 24,621,712	\$ 22,569,460
Expenses:						
General Government	\$ 2,023,182	\$ 1,895,527	\$ -	\$ -	\$ 2,023,182	\$ 1,895,527
Public Safety	12,218,168	12,190,862	-	-	12,218,168	12,190,862
Public Works	6,719,377	6,615,980	-	-	6,719,377	6,615,980
Parks and Recreation	1,825,931	1,402,496	-	-	1,825,931	1,402,496
Miscellaneous	672,637	695,397	-	-	672,637	695,397
Interest on Long Term Debt	1,168,279	1,365,635	16,993	21,416	1,185,272	1,387,051
Unallocated Depreciation on Infrastructure	1,455,222	1,433,205	-	-	1,455,222	1,433,205
Business-Type Activities	-	-	158,315	145,872	158,315	145,872
Total Expenses	\$ 26,082,796	\$ 25,599,102	\$ 175,308	\$ 167,288	\$ 26,258,104	\$ 25,766,390
Change in Net Assets before special item and transfers	\$ (1,647,888)	\$ (3,221,012)	\$ 11,496	\$ 24,082	\$ (1,636,392)	\$ (3,196,930)
Special item - Capital Assets from Private Purpose Trust	680,196	717,340	-	-	680,196	717,340
Transfers, net	19,363	19,363	(19,363)	(19,363)	-	-
Change in Net Assets	\$ (948,329)	\$ (2,484,309)	\$ (7,867)	\$ 4,719	\$ (956,196)	\$ (2,479,590)
Net Assets-beginning of year	\$ 71,209,220	\$ 73,693,529	\$ 4,035,864	\$ 4,031,145	\$ 75,245,084	\$ 77,724,674
Net Assets-end of year	\$ 70,260,891	\$ 71,209,220	\$ 4,027,997	\$ 4,035,864	\$ 74,288,888	\$ 75,245,084

MIDDLETOWN TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
REQUIRED SUPPLEMENTARY INFORMATION (“RSI”)
For the Fiscal Year Ended December 31, 2010

Unaudited

The following chart shows the Government-wide sources of expenses and related program revenues for the year ended December 31, 2010:

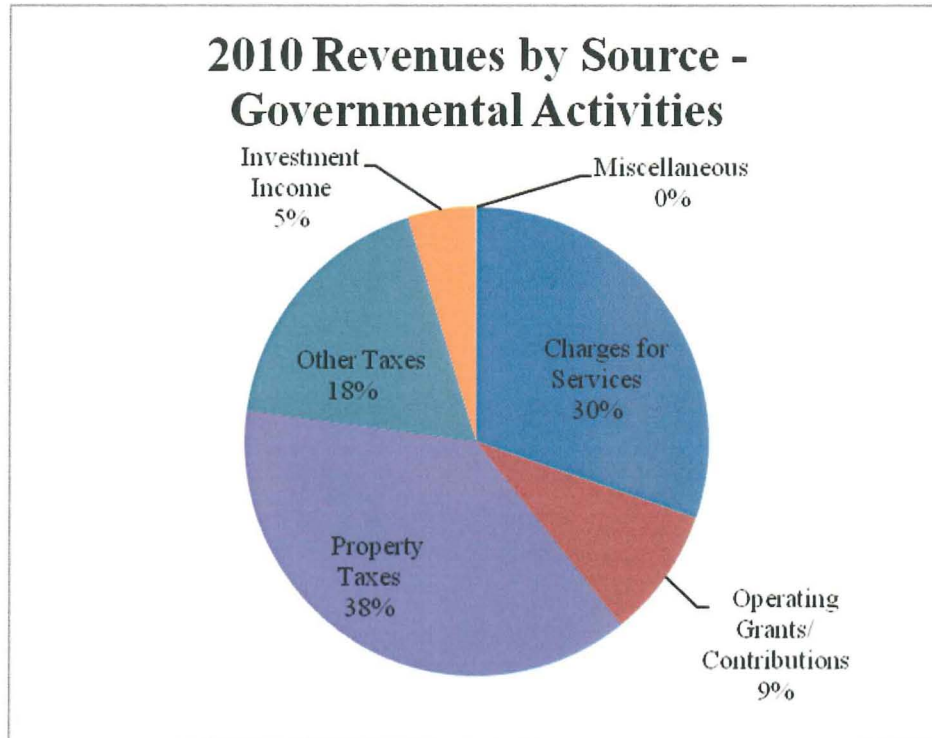


General revenues are required to support the programs. As reflected in the above chart program expenses exceed program revenues in all areas. General government expenses exceed program revenues by \$602,768 public safety by \$9,877,679, public works by \$1,202,999 and park and recreations by \$1,510,441.

MIDDLETOWN TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
REQUIRED SUPPLEMENTARY INFORMATION (“RSI”)
For the Fiscal Year Ended December 31, 2010

Unaudited

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2010:

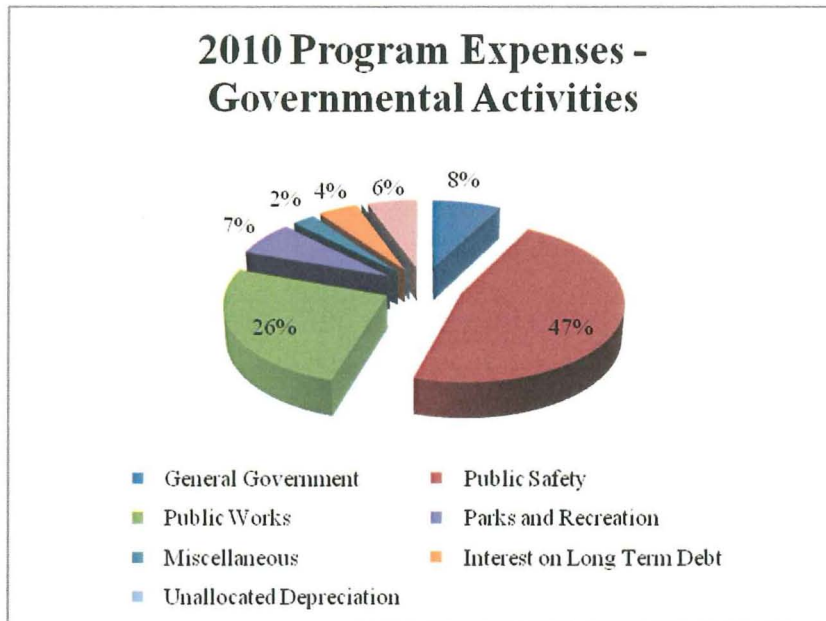


Of the total Government-wide revenues of \$25,134,467, the greatest share came from Property Taxes with revenues of \$9,246,523. The second largest revenue source is Charges for Services with revenues of \$7,400,084, primarily made up of fees for solid waste collection in the amount of \$4,364,724. Other Taxes include the Township’s Act 511 taxes such as the Local Services, Per Capita, Real Estate Transfer, Mercantile, Amusement, and Mechanical Device Taxes with combined revenues of \$4,419,632. Operating Grants and Contributions brought in \$2,192,687. Investment income improved to 50% of 2009 levels, netting the Township \$1,168,697. Miscellaneous Income and Net Transfers comprise the balance of the 2010 revenues for governmental activities.

MIDDLETOWN TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
REQUIRED SUPPLEMENTARY INFORMATION (“RSI”)
For the Fiscal Year Ended December 31, 2010

Unaudited

The following chart shows the Government-wide sources of program expenses for the year ended December 31, 2010:



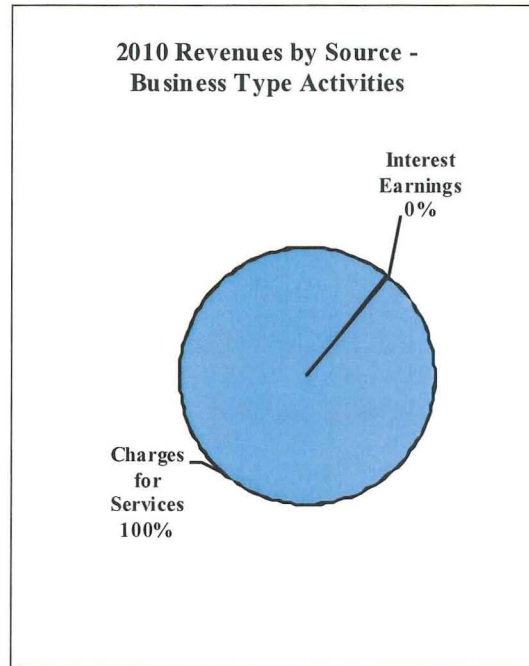
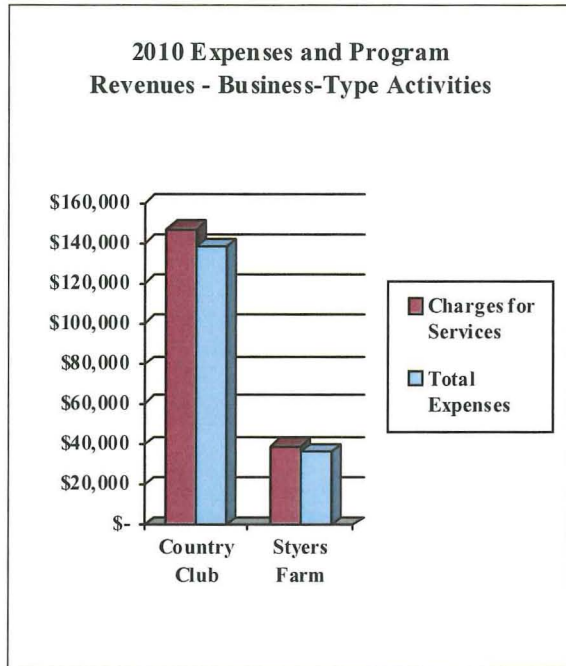
The largest share of expenditures in 2010 were related to Public Safety, a broad category including police protection, animal control, school crossing guards, fire marshal’s services, code enforcement, planning and zoning, and emergency management. Public Safety expenses totaled \$12,218,168 for 2010. Public Works expenses include items such as solid waste collection expenses, 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 expenses totaled \$6,719,377 for 2010. General Government expenses of \$2,023,182 make up the third largest segment of 2010 expenses. This category covers the costs of staffing, benefits, and other administrative costs and ancillary expenses. Parks and Recreation expenses of \$1,825,931 fund the operation and maintenance of our Township parks, park buildings, and park equipment as well as administrative costs and Township recreation programs. Depreciation expenses of \$1,455,222, Interest on Long-Term Debt of \$1,168,279, and Miscellaneous expenses of \$672,637, primarily insurance expense, round out the 2010 total program expenses for governmental activities.

MIDDLETOWN TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
REQUIRED SUPPLEMENTARY INFORMATION (“RSI”)

For the Fiscal Year Ended December 31, 2010

Unaudited

The following charts show the expenses and program revenues and the revenues by source from Business-Type Activities for the year ended December 31, 2010:



Business-Type Activities decreased the Township’s net assets by \$7,867 during the current fiscal year. The Middletown Country Club revenues totaled \$147,000 with offsetting expenses of \$121,846 for an operating income of \$25,154. After non-operating expense, which consists of interest expense of \$16,993 offset by interest income of \$387, the result is an income before transfers of \$8,548. The Styer’s Farm revenues totaled \$39,200 for the year with offsetting expenses of \$36,469 for an operating income of \$2,731. After investment income for the fund of \$217, the result is an income before transfers of \$2,948. The overall decrease in net assets is attributable to higher maintenance expenses in the farm fund.

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.

MIDDLETOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

REQUIRED SUPPLEMENTARY INFORMATION ("RSI")

For the Fiscal Year Ended December 31, 2010

Unaudited

At December 31, 2010, the Township governmental funds reported a combined fund balance of \$51,985,073. Of this year-end total, approximately \$50,072,353 is unreserved, and therefore is available for continuing Township services. Reserved fund balances include: \$1,061,953 committed to debt service requirements; \$476,426 committed to advances; and \$374,341 committed to transportation impact fee requirements.

The general fund is the primary operating fund of Middletown Township. At year end 2010, the total fund balance of the general fund was \$2,065,794, all of which is unreserved and undesignated. This fund balance represents 11.7% of total general fund expenditures. During 2010, the general fund balance increased by \$1,297,085, significantly better than the deficit planned in the 2010 budget. This is a result of a concerted effort to control expenditures, and better performance in revenue than planned.

The investment fund has a total fund balance of \$41,789,599 at fiscal year end, a decrease of \$853,746 from the prior year. This is the result of lower than anticipated investment earnings of the Township's investment portfolios.

The debt service fund has a total fund balance of \$403,969. All revenues derived from the real estate tax levy of the Debt Service Fund are used to pay interest and principal on indebtedness incurred by the Township through bond issues and interfund loans. The 2010 budget provides for a real estate tax rate of 6.00 mills for the fund; an increase of 1.62 mills over 2009.

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 assets of the County Club fund total \$27,000 at year end 2010. The total net assets are \$1,797,302. The Municipal Golf Course Capital Improvement Program which had been delayed due to economic conditions got under way in late 2010 and will be completed in early 2011 at a cost of \$479,764. The Country Club is supported completely by non-tax revenues.

The unrestricted net assets of the Styer's Farm fund is a net deficit of \$79,915 at year end 2010. The total net assets are \$2,230,695. The property is a valuable asset to the Township and management continues to strive to improve the financial reserves of the fund.

The General Fund Budget

During the year there was a \$252,100 increase in budgeted expenditures, with an offsetting \$252,000 increase in budgeted revenue, thereby increasing net expenditures by \$100 between the original and final amended budget.

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")

For the Fiscal Year Ended December 31, 2010

Unaudited

Supplemental appropriations were made to the following expenditure accounts:

Police Administration-Workers Compensation, \$80,000; Licenses and Inspections – Contracted Services, \$90,000; Emergency Management- Salary- DPW, \$3,000; Administration- Hospitalization Insurance, \$60,000; Tax Collector – Printing/Postage, \$2,000; Tax Collector – Bond, \$4,000; Health & Sanitation – Residential Collection, \$13,000; DARE Salaries, \$100.

Supplemental appropriations were possible because of higher than anticipated revenue:

Amusement Taxes, \$239,000; Sanitation Fees- Penalties & Interest, \$13,000.

A schedule showing the Townships original and final budget amount compared with amounts actually paid and received is provided on page 23.

Capital Assets

At December 31, 2010, the Township had \$55,947,232 invested in a broad range of capital assets, including land, land improvements, buildings, machinery & equipment and infrastructure.

Capital asset purchases totaled \$2,907,161 during the 2010 fiscal year as follows:

Land Improvements - \$940,059; Building and improvements - \$371,754; Machinery and equipment - \$974,212; and Infrastructure - \$621,136.

Land improvements include site improvements to Beechwood, Simmons, Twin Oaks and Veterans Memorial parks.

Building and building improvements are comprised of the finalization of construction and engineering services for the new DPW (Public Works) building, and the North Middletown Emergency Services substation, and renovations to the Middletown Community Center.

Infrastructure expenditures are comprised of the Levittown Road Resurfacing Program, 2010 Road Repaving Program, the 2010 Drainage Improvement Program, and the Route 213 & Old Lincoln Highway upgrade.

Machinery and equipment capital asset additions include: three 2010 Ford Crown Victoria police vehicles; two 2011 Ford F350 Trucks for DPW; two 2011 Ford F250 Trucks for the Fire Marshall's office, as well as auxiliary equipment for the vehicles; a New Holland Tractor with Mower attachment, and Commerical Mower for DPW; and two 2010 Spartan Rescue Pumper Fire Trucks.

Additional information on Middletown Township's capital assets can be found in Note C on page 39 of this report.

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")
For the Fiscal Year Ended December 31, 2010

Unaudited

Debt Administration

As of January 1, 2010, the Township had total outstanding long-term debt of \$34,749,143 (principal only). Obligations of the Township include general obligation bond and notes, the Middletown Country Club Note, accrued vacation, sick and severance pay for specific employees and other post retirement benefit liabilities for police. The outstanding long-term debt balance at December 31, 2010, is \$33,508,211.

Moody's Investor Services affirmed and recalibrated the Middletown Township's general obligation bond ("GOB") rating from Aa3 to Aa2 on April 23, 2010. The Aa2 rating reflects the Township's ample reserve levels, sizable mature tax base and favorable debt position. Moody's Investors Service expects the Township reserve levels to remain ample despite a substantial budgeted use of General Fund balance. They believe that the Township will continue to experience full valuation growth, due mostly to market value appreciation. Furthermore, on April 20, 2010, Standard and Poor's Ratings Services reaffirmed its AA+ bond rating for Middletown Township bonds. Both of these ratings are clear indications of the sound financial condition of the Township. The Township's debt position is expected to remain favorable, reflecting a modest direct debt burden, no additional borrowing plans and an average amortization rate.

The Middletown Country Club note has an outstanding balance of \$411,214 at December 31, 2010. Principal payments of \$56,221 were made during the year. Compensated absences reflect a balance of \$1,132,212 in earned vacation, vested sick pay and vested severance pay as of December 31, 2010. The net decrease in compensated absences is \$72,987 for the year. Other Post Employment Benefits has an outstanding liability of \$2,147,238 at December 31, 2010.

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

Currently known Facts, Decisions, and Conditions:

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

MIDDLETOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
REQUIRED SUPPLEMENTARY INFORMATION ("RSI")
For the Fiscal Year Ended December 31, 2010

Unaudited

In 2010, the Township submitted ten (10) applications for Project Funding to the Bucks County Redevelopment Authority ("RDA") for 2011 Pennsylvania Gaming Revenue Grants. The Township received RDA Funding approval for 9 of the 10 project applications submitted, totaling \$949,024. The grants are for 2011 projects, benefiting the Middletown Community as a whole, including the Fire Company, Emergency Squad, Police Department and the Township. A Summary follows:

Project	Description	
Middletown Municipal Center	Swipe Card Access/Monitoring for the Municipal building	\$131,117
Middletown Police Dept Vehicles	Six (6) Ford Crown Victoria to replace aging fleet	164,334
DPW Generator	Backup generator for use during power outages affecting DPW Complex	42,250
Penndel-Middletown Emergency Squad	New Ambulance to replace aging and costly to repair equipment	162,000
Parkland Fire Company	New Fire Engine to replace aging and costly to repair equipment	300,000
Middletown Police Dept	Ten (10) in car computers to replace aging and failing mobile data terminals	59,880
Penndel-Middletown Emergency Squad	Construct and furnish a training room at the North Station to efficiently train emergency squad members	48,313
Penndel-Middletown Emergency Squad	High Visibility Jackets for EMTs	13,560
Middletown Police Dept	Tasers for the Police Department	27,570
Total		<u>\$949,024</u>

Other than those issues listed in the MD&A and in the Notes to the Basic Financial Statements, there are no facts currently known to management that would materially impact the financial statements either favorably or unfavorably at this time.

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) 750-3830.

MIDDLETOWN TOWNSHIP
STATEMENT OF NET ASSETS

December 31, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 11,007,278	\$ 188,678	\$ 11,195,956
Investments	41,749,032	-	41,749,032
Taxes receivable, net of allowance of \$2,905	235,300	-	235,300
Special assessment receivable, net of allowance of \$1,609	88,531	-	88,531
Accounts receivable, net of allowance of \$176,186	367,901	218,864	586,765
Revenue receivable	123,187	-	123,187
Due from other funds	28,892	-	28,892
Other assets	-	25,000	25,000
Total Current Assets	53,600,121	432,542	54,032,663
Capital Assets (net of accumulated depreciation)			
Land	7,305,253	3,355,000	10,660,253
Land improvements	5,221,010	648,439	5,869,449
Buildings and building improvements	19,125,499	956,026	20,081,525
Machinery and equipment	8,904,945	691,199	9,596,144
Infrastructure	63,377,086	-	63,377,086
Accumulated depreciation	(52,478,688)	(1,158,537)	(53,637,225)
Total Capital Assets (net)	51,455,105	4,492,127	55,947,232
TOTAL ASSETS	\$ 105,055,226	\$ 4,924,669	\$ 109,979,895
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,205,457	\$ 1,974	\$ 1,207,431
Accrued salaries and benefits	318,991	-	318,991
Unearned revenue	23,361	12,250	35,611
Deposits and refunds	111,754	-	111,754
Internal Balances	(445,128)	445,128	-
Due to other governments	77,057	-	77,057
Accrued interest	327,652	-	327,652
Other liabilities	4,658	26,105	30,763
Bonds payable	2,255,000	-	2,255,000
Note payable	25,088	59,690	84,778
Compensated absences	87,345	-	87,345
Total Current Liabilities	3,991,235	545,147	4,536,382
Long-term Liabilities			
Bonds payable	27,675,000	-	27,675,000
Bond discount, net of issuance costs	(337,679)	-	(337,679)
Note payable	273,673	351,525	625,198
Compensated absences	1,044,868	-	1,044,868
Other post-employment benefits	2,147,238	-	2,147,238
Total Long-term Liabilities	30,803,100	351,525	31,154,625
TOTAL LIABILITIES	34,794,335	896,672	35,691,007
NET ASSETS			
Investment in capital assets, net of related debt	21,564,018	4,492,127	26,056,145
Restricted for			
Debt service	403,969	-	403,969
Transportation impact fee	374,341	-	374,341
Capital projects	4,320,588	-	4,320,588
Unrestricted	43,597,975	(464,130)	43,133,845
TOTAL NET ASSETS	70,260,891	4,027,997	74,288,888
TOTAL LIABILITIES AND NET ASSETS	\$ 105,055,226	\$ 4,924,669	\$ 109,979,895

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Government Activities	Business-Type Activities	
GOVERNMENT ACTIVITIES						
General government	\$ 2,023,182	\$ 1,017,264	\$ 403,150	\$ (602,768)	\$ -	\$ (602,768)
Public safety	12,218,168	1,678,755	661,734	(9,877,679)	-	(9,877,679)
Public works	6,719,377	4,451,210	1,065,168	(1,202,999)	-	(1,202,999)
Parks and recreation	1,825,931	252,855	62,635	(1,510,441)	-	(1,510,441)
Miscellaneous	672,637	-	-	(672,637)	-	(672,637)
Debt service interest	1,168,279	-	-	(1,168,279)	(16,993)	(1,185,272)
Unallocated depreciation expense	1,455,222	-	-	(1,455,222)	-	(1,455,222)
TOTAL GOVERNMENT ACTIVITIES	26,082,796	7,400,084	2,192,687	(16,490,025)	(16,993)	(16,507,018)
BUSINESS-TYPE ACTIVITIES						
County Club	121,846	147,000	-	-	25,154	25,154
Farm Fund	36,469	35,000	-	-	(1,469)	(1,469)
TOTAL BUSINESS-TYPE ACTIVITIES	158,315	182,000	-	-	23,685	23,685
TOTAL GOVERNMENT AND BUSINESS-TYPE ACTIVITIES	\$ 26,241,111	\$ 7,582,084	\$ 2,192,687	(16,490,025)	6,692	(16,483,333)
GENERAL REVENUES						
Property taxes, levied for general purposes				9,246,523		9,246,523
Amusement tax				1,288,175		1,288,175
Local services taxes				953,403		953,403
Mercantile tax				1,025,104		1,025,104
Real estate transfer tax				720,569		720,569
Parking transaction fee				247,386		247,386
Other taxes				184,995		184,995
Interest and rents				1,168,697	4,804	1,173,501
Miscellaneous revenues				7,285		7,285
Special item-capital asset from private purpose trust				680,196		680,196
Transfers, net				19,363	(19,363)	-
TOTAL GENERAL REVENUES AND TRANSFERS				15,541,696	(14,559)	15,527,137
CHANGE IN NET ASSETS				(948,329)	(7,867)	(956,196)
NET ASSETS, BEGINNING OF YEAR				71,209,220	4,035,864	75,245,084
NET ASSETS, END OF YEAR				\$ 70,260,891	\$ 4,027,997	\$ 74,288,888

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010

	General Fund	Investment Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,723,809	\$ 43,156	\$ 388,697	\$ 7,851,616	\$ 11,007,278
Investments	-	41,749,032	-	-	41,749,032
Taxes receivable, net of allowance of \$2,905	103,413	-	70,386	61,501	235,300
Special assessment receivable, net of allowance of \$1,609	78,835	-	-	9,696	88,531
Accounts receivable	202,957	268,099	-	73,031	544,087
Allowance for doubtful accounts	(40,349)	(135,837)	-	-	(176,186)
Revenue receivable	123,187	-	-	-	123,187
Advances to other funds	-	-	-	476,426	476,426
Due from other funds	347,668	-	20,341	247,833	615,842
TOTAL ASSETS	\$ 3,539,520	\$ 41,924,450	\$ 479,424	\$ 8,720,103	\$ 54,663,497
LIABILITIES					
Accounts payable	\$ 662,704	\$ -	\$ 5,069	\$ 537,684	\$ 1,205,457
Accrued salaries and benefits	274,444	-	-	44,547	318,991
Deferred revenue	220,356	14,250	70,386	68,565	373,557
Deposits and refunds	56,630	55,124	-	-	111,754
Due to other funds	216,717	-	-	338,938	555,655
Due to other governments	11,580	65,477	-	-	77,057
Advances from other funds	31,295	-	-	-	31,295
Other liabilities	-	-	-	4,658	4,658
TOTAL LIABILITIES	1,473,726	134,851	75,455	994,392	2,678,424
FUND BALANCES					
Reserve for					
Debt service	-	657,984	403,969	-	1,061,953
Advances	-	-	-	476,426	476,426
Transportation impact fee	-	-	-	374,341	374,341
Unreserved, designated for capital programs	-	41,131,615	-	-	41,131,615
Unreserved, designated for, reported in nonmajor					
Special revenue fund	-	-	-	139,240	139,240
Capital projects fund	-	-	-	5,262,812	5,262,812
Undesignated	2,065,794	-	-	-	2,065,794
Unreserved, undesignated in nonmajor					
Special revenue fund	-	-	-	1,254,392	1,254,392
Capital projects fund	-	-	-	218,500	218,500
TOTAL FUND BALANCES	2,065,794	41,789,599	403,969	7,725,711	51,985,073
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,539,520	\$ 41,924,450	\$ 479,424	\$ 8,720,103	\$ 54,663,497

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2010

TOTAL GOVERNMENTAL FUNDS BALANCES	\$	51,985,073
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$103,933,793 and the accumulated depreciation is \$52,478,688.</p>		
		51,455,105
<p>Certain property tax revenues will be collected after year end, but are not available soon enough to pay for current period expenditures and, therefore, are unearned in the funds</p>		
		350,196
<p>Long-term liabilities, including bonds and notes payable, that are not due and payable in the current period and, therefore, are not reported as liabilities in the fund. Those liabilities consist of the following:</p>		
Accrued interest on bonds	\$ (327,652)	
Bonds and notes payable	(30,228,761)	
Bond discount, net of issuance costs	306,381	
Compensated absences	(1,132,213)	
Post retirement employment benefit obligation	<u>(2,147,238)</u>	(33,529,483)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>70,260,891</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP

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

For the Year Ended December 31, 2010

REVENUES:	General	Investment Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Taxes					
Property	\$ 3,747,847	\$ -	\$ 3,128,373	\$ 2,397,394	\$ 9,273,614
Amusement	1,288,175	-	-	-	1,288,175
Local services	953,403	-	-	-	953,403
Mercantile	1,025,104	-	-	-	1,025,104
Real estate transfer	720,569	-	-	-	720,569
Parking transaction	247,386	-	-	-	247,386
Per Capita	141,815	-	-	-	141,815
Mechanical device	43,180	-	-	-	43,180
Liquor license and beverage	7,950	-	-	-	7,950
Licenses and permits	1,076,871	-	-	-	1,076,871
Fines and forfeits	172,444	-	-	55,514	227,958
Interest and rents	85,486	630,234	4,686	43,808	764,214
Intergovernmental	819,730	-	-	1,549,537	2,369,267
Charges for services	5,835,603	-	-	258,196	6,093,799
Special assessment	-	-	-	1,456	1,456
Contributions private sources	37,500	-	-	107,753	145,253
Gain (loss) on investments	-	404,483	-	-	404,483
Miscellaneous	879	717	-	2,062	3,658
TOTAL REVENUES	<u>16,203,942</u>	<u>1,035,434</u>	<u>3,133,059</u>	<u>4,415,720</u>	<u>24,788,155</u>
EXPENDITURES					
Current					
General government	1,676,410	39,180	25,706	54,752	1,796,048
Public safety	10,022,327	-	-	1,073,089	11,095,416
Public works	5,109,942	-	-	1,294,000	6,403,942
Parks and recreation	-	-	-	1,614,937	1,614,937
Miscellaneous expense	672,637	-	-	-	672,637
Capital outlay/development	249,694	-	-	1,977,271	2,226,965
Debt service principal	-	-	2,004,214	-	2,004,214
Debt service interest	-	-	1,090,249	-	1,090,249
TOTAL EXPENDITURES	<u>17,731,010</u>	<u>39,180</u>	<u>3,120,169</u>	<u>6,014,049</u>	<u>26,904,408</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,527,068)</u>	<u>996,254</u>	<u>12,890</u>	<u>(1,598,329)</u>	<u>(2,116,253)</u>
OTHER FINANCING SOURCES (USES)					
Bond refinancing proceeds	-	-	5,620,000	-	5,620,000
Bond issuance costs, net of premium	-	-	(62,561)	-	(62,561)
Payment to refund bonds	-	-	(5,557,439)	-	(5,557,439)
Transfers in	2,820,676	-	-	128,387	2,949,063
Transfers out	-	(1,850,000)	(32,000)	(1,377,483)	(3,259,483)
Sale of capital asset	3,477	-	-	150	3,627
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,824,153</u>	<u>(1,850,000)</u>	<u>(32,000)</u>	<u>(1,248,946)</u>	<u>(306,793)</u>
NET CHANGE IN FUND BALANCES	<u>1,297,085</u>	<u>(853,746)</u>	<u>(19,110)</u>	<u>(2,847,275)</u>	<u>(2,423,046)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>768,709</u>	<u>42,643,345</u>	<u>423,079</u>	<u>10,572,986</u>	<u>54,408,119</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,065,794</u>	<u>\$ 41,789,599</u>	<u>\$ 403,969</u>	<u>\$ 7,725,711</u>	<u>\$ 51,985,073</u>

See accompanying notes to financial statements.

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

NET CHANGE IN FUND BALANCES- GOVERNMENTAL FUNDS	\$	(2,423,046)
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense</p>		
Capital outlays -Government Funds		2,226,965
Capital outlays - Private Purpose Trust		680,196
Depreciation expense		(2,658,254)
Proceeds of Bond Refinancing Issue		(5,620,000)
<p>Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		7,471,653
Increase in deferred revenue		(27,091)
<p>Bond discounts and issuance costs are amortized over the lives of the bonds in the statement of activities, but are recorded as expenditures and other financing uses in the governmental funds - net</p>		
		45,806
<p>Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds</p>		
		72,986
<p>On the statement of activities the actual and estimated long-term expenditures for post-employment benefits are reported, whereas on the governmental funds only the actual expenditures for post-employment benefits are reported</p>		
		(746,269)
<p>Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the statement of activities</p>		
		28,725
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	(948,329)

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –

BUDGET AND ACTUAL - GENERAL FUND

Year Ended December 31, 2010

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,800,000	\$ 8,039,000	\$ 8,175,429	\$ 136,429
Licenses and permits	878,650	878,650	1,076,871	198,221
Fines and forfeits	190,000	190,000	172,444	(17,556)
Interest and rents	59,950	59,950	85,486	25,536
Intergovernmental revenues	555,410	555,410	819,730	264,320
Charges for services	5,534,528	5,547,528	5,835,603	288,075
Contribution private source	37,500	37,500	37,500	-
Miscellaneous revenue	-	-	879	879
TOTAL REVENUES	<u>15,056,038</u>	<u>15,308,038</u>	<u>16,203,942</u>	<u>895,904</u>
EXPENDITURES				
Current				
General government	1,790,740	1,856,740	1,665,181	191,559
Public safety	10,219,973	10,393,073	10,283,250	109,823
Public works	5,337,923	5,350,923	5,109,942	240,981
Miscellaneous expenditures	725,000	725,000	672,637	52,363
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>18,073,636</u>	<u>18,325,736</u>	<u>17,731,010</u>	<u>594,726</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,017,598)</u>	<u>(3,017,698)</u>	<u>(1,527,068)</u>	<u>1,490,630</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	3,477	3,477
Transfer in	2,820,676	2,820,676	2,820,676	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,820,676</u>	<u>2,820,676</u>	<u>2,824,153</u>	<u>3,477</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(196,922)	(197,022)	1,297,085	1,494,107
FUND BALANCE (DEFICIT), BEGINNING	<u>768,709</u>	<u>768,709</u>	<u>768,709</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 571,787</u>	<u>\$ 571,687</u>	<u>\$ 2,065,794</u>	<u>\$ 1,494,107</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2010

	Country Club	Farm Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 105,525	\$ 83,153	\$ 188,678
Accounts receivable	204,489	14,375	218,864
Total current assets	<u>310,014</u>	<u>97,528</u>	<u>407,542</u>
Noncurrent			
Land	1,155,000	2,200,000	3,355,000
Land improvements	648,439	-	648,439
Building and building improvements	818,709	137,317	956,026
Furniture and equipment	691,199	-	691,199
Accumulated depreciation	(1,131,830)	(26,707)	(1,158,537)
Other assets	25,000	-	25,000
Total noncurrent assets	<u>2,206,517</u>	<u>2,310,610</u>	<u>4,517,127</u>
Total assets	<u>\$ 2,516,531</u>	<u>\$ 2,408,138</u>	<u>\$ 4,924,669</u>
Liabilities			
Current liabilities			
Accounts payable	\$ -	\$ 1,974	\$ 1,974
Deferred revenue	12,250	-	12,250
Due to other funds	269,659	175,469	445,128
Note payable, current maturity	59,690	-	59,690
Other liabilities	26,105	-	26,105
Total current liabilities	<u>367,704</u>	<u>177,443</u>	<u>545,147</u>
Noncurrent			
Note payable, less current maturities	<u>351,525</u>	<u>-</u>	<u>351,525</u>
Total liabilities	<u>719,229</u>	<u>177,443</u>	<u>896,672</u>
Net Assets			
Invested in capital assets, net of related debt	1,770,302	2,310,610	4,080,912
Unrestricted net assets (deficit)	27,000	(79,915)	(52,915)
Total net assets	<u>1,797,302</u>	<u>2,230,695</u>	<u>4,027,997</u>
Total liabilities and net assets	<u>\$ 2,516,531</u>	<u>\$ 2,408,138</u>	<u>\$ 4,924,669</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Country Club	Farm Fund	Total
Operating revenues			
Charges for services			
Licensing fees	\$ 147,000	\$ 35,000	\$ 182,000
Rent	-	4,200	4,200
Total Revenue	<u>147,000</u>	<u>39,200</u>	<u>186,200</u>
Operating expenses			
Public works:			
Parks and recreation	44,440	32,827	77,267
Depreciation	77,406	3,642	81,048
Total operating expenses	<u>121,846</u>	<u>36,469</u>	<u>158,315</u>
Operating Income	25,154	2,731	27,885
Non-operating revenues (expense)			
Interest income	387	217	604
Interest expense	(16,993)	-	(16,993)
Total non-operating revenues (expense)	<u>(16,606)</u>	<u>217</u>	<u>(16,389)</u>
Income before transfers	<u>8,548</u>	<u>2,948</u>	<u>11,496</u>
Transfers out	<u>(6,674)</u>	<u>(12,689)</u>	<u>(19,363)</u>
Change in net assets	1,874	(9,741)	(7,867)
Net assets, beginning of year	<u>1,795,428</u>	<u>2,240,436</u>	<u>4,035,864</u>
Net assets, end of year	<u>\$ 1,797,302</u>	<u>\$ 2,230,695</u>	<u>\$ 4,027,997</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP

STATEMENT+ OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	Country Club	Farm Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 191,441	\$ 45,488	\$ 236,929
Payments to suppliers	44,440	31,344	75,784
Net cash provided by operating activities	<u>147,001</u>	<u>14,144</u>	<u>161,145</u>
Cash flows from noncapital financing activities			
Payments to interfund advance	60,810	(26,104)	34,706
Transfers to other funds	6,674	12,689	19,363
Net cash provided by (used in) noncapital financing activities	<u>67,484</u>	<u>(13,415)</u>	<u>54,069</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	-
Principal paid on long-term debt	56,221	-	56,221
Interest paid on note payable	16,993	-	16,993
Net cash provided by capital and related financing activities	<u>73,214</u>	<u>-</u>	<u>73,214</u>
Cash flows from investing activities			
Earnings on investments	387	217	604
Net increase in cash and cash equivalents	6,690	27,776	34,466
Cash and cash equivalents, beginning of year	98,835	55,377	154,212
Cash and cash equivalents, end of year	<u>\$ 105,525</u>	<u>\$ 83,153</u>	<u>\$ 188,678</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 25,154	\$ 2,731	\$ 27,885
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	77,406	3,642	81,048
Increase in assets			
Accounts receivable	44,441	6,288	50,729
Accounts payable	-	1,483	1,483
Net cash provided by operating activities	<u>\$ 147,001</u>	<u>\$ 14,144</u>	<u>\$ 161,145</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
December 31, 2010

	Pension Trust Funds	Private Purpose Trust	Agency Fund	Post Retirement Health Benefit Fund
Assets				
Cash and cash equivalents	\$ 1,296,211	\$ 282,309	\$ 1,761,665	\$ 189,904
Interest receivable	39,866	-	-	-
Revenue receivable	-	164,891	-	-
Pension plan investments				
U.S. government obligations	4,630,338	-	-	-
Corporate obligations	1,636,325	-	-	-
Municipal obligations	1,553,828	-	-	-
Foreign obligations	243,043	-	-	-
Government sponsored obligations	3,548,944	-	-	-
Stock equities	14,033,907	-	-	48,933
Total assets	<u>\$ 26,982,462</u>	<u>\$ 447,200</u>	<u>\$ 1,761,665</u>	<u>\$ 238,837</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 84,216	\$ -
Deposits and refunds	-	-	1,320,178	-
Due to other funds	-	109,786	-	-
Other liabilities	-	-	357,271	102
Total liabilities	<u>-</u>	<u>109,786</u>	<u>1,761,665</u>	<u>102</u>
Net assets held in trust for pension benefits and other purposes	26,982,462	337,414	-	238,735
Total liabilities and net assets	<u>\$ 26,982,462</u>	<u>\$ 447,200</u>	<u>\$ 1,761,665</u>	<u>\$ 238,837</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS
For the Year Ended December 31, 2010

	Pension Trust Funds	Private Purpose Funds	Post Retirement Health Benefit Funds
Additions			
Contributions			
Employee contributions	\$ 367,251	\$ -	\$ -
Township contributions	842,601	329,783	48,933
Insurance proceeds	86,112	-	-
Total contributions	<u>1,295,964</u>	<u>329,783</u>	<u>48,933</u>
Investment income			
Interest and dividend income	791,131	1,158	367
Net appreciation in fair value of investments	989,033	-	-
Total investment income	<u>1,780,164</u>	<u>1,158</u>	<u>367</u>
Less: investment expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net investment income	<u>1,780,164</u>	<u>1,158</u>	<u>367</u>
Total Additions	<u>3,076,128</u>	<u>330,941</u>	<u>49,300</u>
Deductions			
Benefits	2,223,754	-	-
Administrative expenses	275,417	-	-
Purchase of equipment	-	680,196	-
Total Deductions	<u>2,499,171</u>	<u>680,196</u>	<u>-</u>
Excess (deficiency) of additions over deductions	576,957	(349,255)	49,300
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>576,957</u>	<u>(349,255)</u>	<u>49,300</u>
Net assets, beginning of year	<u>26,405,505</u>	<u>686,669</u>	<u>189,435</u>
Net assets, end of year	<u>\$ 26,982,462</u>	<u>\$ 337,414</u>	<u>\$ 238,735</u>

See accompanying notes to financial statements.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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 19.016 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.

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 Township has no component units; therefore, none are disclosed. 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 following are the Township's Governmental Fund Types:

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.

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 category is classified as other funds in the balance sheet of governmental funds as it does not meet the major fund percentage criteria. Funds included in this fund category are:

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

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

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of principal and interest on certain long-term and short-term debt. The principal source of revenue is real estate taxes. This fund is reported as a major 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). Funds reported as major funds in this category are the Investment Fund and Capital Projects 2010 Bond Fund. The remaining funds are classified as non-major funds in the balance sheet of governmental funds. Funds included in this category are:

Capital Projects - 1997 Bond Issue	Capital Reserve Fund
Capital Projects - 2006 Bond Issue	Curb/Road Revolving Fund
Capital Projects - 2008 Bond Issue	Contingency Fund
Community Development Fund	

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.

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:

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Continued)

Non-uniformed Pension Plan
Police Pension Plan

Private-Purpose Trust Funds - This fund is used to account for the resources reserved exclusively for the purpose of funding the Township's volunteer fire companies' apparatus replacement plan. The fund included in this category is:

Fire Companies Fund

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

Post Retirement Health Benefit Fund - This fund is used to account for resources reserved for OPEB costs.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole excluding fiduciary activities such as the trust and agency funds. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged for services.

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. 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.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

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 and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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 are recognized when grantor eligibility requirements are met.

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 60 days of the end of the fiscal year. Property taxes levied but collected beyond 60 days after year-end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures are recorded when the related fund liability is incurred, except for debt principal and interest which are reported as expenditures in the year made.

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.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Operating income 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. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

The Governmental Accounting Standards Board ("GASB") is the accepted standards-setting body for establishing government accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories and two account groups as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles. The Township has adopted these disclosures.

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. The Code requires that budgets be legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The Township maintains legal budgetary control by the broad categories of revenue and expenditures prescribed in a chart of accounts established by the Commonwealth. The legal level of budgetary control is at the department 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 between the broad account categories. During 2010, expenditures did not exceed appropriations in the General Fund. During the year, the Township did not materially amend the budget in such a manner that would require disclosure under GASB codification section 2300.108.

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.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 cost, which equals fair value.

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 2010 budget:

	<u>Mills</u>
General Fund	7.0000
Highway Lighting	0.8000
Fire Protection	1.3750
Park and Recreation	1.6200
Ambulance and Rescue	0.3950
Debt Service	6.0000
Fire Hydrant	0.0800
Road Machinery	0.3000
	<u>17.5700</u>

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

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

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets are stated at fair value on the date donated. 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. 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 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 issuance costs and bond discounts or premiums are capitalized and amortized over the term of the respective bonds.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A maximum of 50 percent of 55 days of accumulated unpaid sick leave for eligible employees 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.

Non-uniformed employees are granted 14 days sick leave per year with an accumulation of unused sick leave of 205 days. With 5 years' service, non-uniformed employees are paid for 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.

The Township is liable to employees in the amount of \$1,132,212 for earned vacation, vested sick pay and vested severance pay as of December 31, 2010. Amounts due within one year were \$87,345. General fund resources are used to liquidate the liability for compensated absences.

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.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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.

Subsequent Events

Management has evaluated subsequent events that occurred after the balance sheet date but before June 24, 2011, the date the financial statements were available to be issued. No items were determined by management that requires disclosure.

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).
- 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

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

B. DEPOSITS AND INVESTMENTS (CONTINUED)

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).

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, 2010, \$5,897,330 of the Township's bank balance of \$5,898,990 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

As of December 31, 2010, the Township had the following investments (not including fiduciary funds):

Government-Wide Investments:

	Fair Value
Pennsylvania Local Government Investment Trust (PLGIT)	\$ 2,488,266
PA Treasury Invest Community Pool	2,348,825
U.S. Government Obligations (Bonds, Notes, Treasury Bills)	29,752,813
Certificates of Deposit	7,004,469
Money Market Funds	154,660
	\$ 41,749,033

Fiduciary Investments:

	Fair Value
U.S. Government Obligations (Bonds, Notes, Treasury Bills)	\$ 4,630,338
Corporate Obligations	1,636,325
Municipal Obligations	1,553,828
Foreign Obligations	243,043
Government Sponsored Obligations	3,548,944
Stock Equities	14,033,907
	\$ 25,646,385

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 Township has no investments subject to custodial credit risk.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

B. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

Investment	Standard and Poors
PA local Government Investment Trust	AAA
PA Treasury	AAA
FHLMC	Not applicable
FHLB	Not applicable
FNMA	Not applicable

Concentration of Credit Risk – is the concentration of investments in any one single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Township'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, 2010, the Township did not have any singular investment that exceeded 5% of the total investments.

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. As of December 31, 2010, the Township's investments had the following weighted average maturities:

Investment	Fair Value	Maturity (Years)
U.S. Government Obligations	\$ 34,383,151	1.68
Corporate Obligations	1,636,325	0.77
Foreign Obligation	243,043	2.00
Municipal Obligation	1,553,828	2.12
Government Sponsored Mortgages	3,548,944	1.91

A portion of the Township's funds are invested in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated AAA by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

C. CAPITAL ASSETS

Classification	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
<u>Government activities</u>				
Capital asses, not being depreciated				
Land	\$ 7,305,253	\$ -	\$ -	\$ 7,305,253
Capital assets being depreciated				
Land improvements	4,280,951	940,059	-	5,221,010
Building and building improvements	18,753,745	371,754	-	19,125,499
Machinery and equipment	8,129,079	974,212	(198,346)	8,904,945
Infrastructure	62,755,950	621,136	-	63,377,086
Total capital assets being depreciated, at historic cost	93,919,725	2,907,161	(198,346)	96,628,540
Less accumulated depreciation				
Land improvements	1,899,701	242,747	-	2,142,448
Building and building improvements	3,171,194	377,536	-	3,548,730
Machinery and equipment	5,247,583	582,750	(198,346)	5,631,987
Infrastructure	39,700,302	1,455,221	-	41,155,523
Total accumulated depreciation	50,018,780	2,658,254	(198,346)	52,478,688
Total capital assets being depreciated, net	43,900,945	248,907	-	44,149,852
Government activities, net	\$ 51,206,198	\$ 248,907	\$ -	\$ 51,455,105

Classification				
<u>Business type activities</u>				
Land	\$ 3,355,000	\$ -	\$ -	\$ 3,355,000
Capital assets being depreciated				
Land improvements	648,439	-	-	648,439
Building and building improvements	956,026	-	-	956,026
Furniture and equipment	691,199	-	-	691,199
Total capital assets being depreciated, at historic cost	2,295,664	-	-	2,295,664
Less accumulated depreciation				
Land improvements	295,836	32,422	-	328,258
Building and building improvements	273,055	20,016	-	293,071
Furniture and equipment	508,598	28,610	-	537,208
Total accumulated depreciation	1,077,489	81,048	-	1,158,537
Total capital assets being depreciated, net	1,218,175	(81,048)	-	1,137,127
Business type activities, net	\$ 4,573,175	\$ (81,048)	\$ -	\$ 4,492,127

Depreciation expense was charged as direct expense to programs of the government as follows:

General government	\$ 221,059
Public safety	470,674
Public works	305,322
Parks and recreation	205,977
	1,203,032
Unallocated expense	1,455,222
	\$ 2,658,254

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

D. BOND AND OTHER LONG-TERM DEBT

General Obligation Bonds, Series 2010

In June of 2010, Middletown Township issued General Obligation (“G.O.”) bonds in the amount of \$5,620,000 to currently refund the Township’s G.O. bonds, Series 1998 and Series 2005 and to pay the costs of issuing the bonds.

The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 2.00% to 2.625%.

Interest of \$41,700 and principal of \$645,000 were paid in 2010.

Principal and interest payments will be made until maturity in 2017 as follows:

Year of Maturity	Principal	Interest	Total
2011	\$ 885,000	\$ 104,381	\$ 989,381
2012	895,000	86,681	981,681
2013	920,000	68,781	988,781
2014	615,000	50,381	665,381
2015	625,000	38,081	663,081
2016-2017	1,035,000	36,081	1,071,081
	\$ 4,975,000	\$ 384,386	\$ 5,359,386

General Obligation Bonds, Series 2009

In June of 2009, Middletown Township issued G.O. bonds in the amount of \$7,830,000 to currently refund the Township’s G.O. bonds, Series 2004 and to pay the costs of issuing the bonds.

The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 2.00% to 3.750%.

Interest of \$228,780 and principal of \$595,000 were paid in 2010.

Principal and interest payments will be made until maturity in 2020 as follows:

Year of Maturity	Principal	Interest	Total
2011	\$ 610,000	\$ 215,393	\$ 825,393
2012	625,000	200,142	825,142
2013	640,000	184,518	824,518
2014	655,000	168,517	823,517
2015	675,000	152,470	827,470
2016-2020	3,715,000	398,795	4,113,795
	\$ 6,920,000	\$ 1,319,835	\$ 8,239,835

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

D. BOND AND OTHER LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2008

In April of 2008, Middletown Township issued G.O. bonds in the amount of \$10,000,000 to pay for the costs of certain capital projects including the reconstructing, repairing and curb improvements in Levittown, improvements to the community center building, improvements to the country club, reconstruction of Beachwood Park, and Simmons Memorial Park.

The bonded debt is comprised of serially numbered bonds. Interest is payable February 15 and August 15 until maturity. Interest rates range from 3.35% to 4.25%.

Interest of \$363,068 and principal of \$355,000 were paid in 2010.

Principal and interest payments will be made until maturity in 2029 as follows:

<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 365,000	\$ 354,725	\$ 719,725
2012	375,000	345,782	720,782
2013	385,000	335,658	720,658
2014	395,000	324,685	719,685
2015	405,000	312,637	717,637
2016-2020	2,255,000	1,341,698	3,596,698
2021-2025	2,720,000	876,548	3,596,548
2026-2029	2,595,000	273,790	2,868,790
	<u>\$ 9,495,000</u>	<u>\$ 4,165,523</u>	<u>\$ 13,660,523</u>

General Obligation Bonds, Series 2006

In March of 2006, Middletown Township issued G.O. bonds in the amount of \$10,000,000 to pay for the costs of certain capital projects including the construction, furnishing and equipping of a community center building, an emergency services station and a public works building, and the reconstruction and renovation of certain roads and highways.

The bonded debt is comprised of serially numbered bonds. Interest is payable February 15 and August 15 until maturity. Interest rates range from 3.35% to 4.25%.

Interest of \$354,110 and principal of \$385,000 were paid in 2010.

Principal and interest payments will be made until maturity in 2026 as follows:

<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 395,000	\$ 340,828	\$ 735,828
2012	410,000	326,805	736,805
2013	425,000	311,942	736,942
2014	440,000	296,218	736,218
2015	460,000	279,717	739,717
2016-2020	2,575,000	1,118,038	3,693,038
2021-2025	3,130,000	554,400	3,684,400
2026	705,000	29,963	734,963
	<u>\$ 8,540,000</u>	<u>\$ 3,257,911</u>	<u>\$ 11,797,911</u>

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

D. BOND AND OTHER LONG-TERM DEBT (CONTINUED)

Defeased Debt

The Township has prior series bonds which are considered to be defeased, since all future debt service payments on these bonds will be paid from an irrevocable trust by an escrow agent. The trust invests exclusively in government securities. At December 31, 2010, the principal amount of the bonds outstanding but considered defeased totaled approximately \$1,920,189. Accordingly, such defeased obligations do not appear as liabilities on the balance sheet as of December 31, 2010.

Penn Vest Loan

The Township borrowed funds from the Pennsylvania Infrastructure Investment Authority in order to finance the construction of a storm water system. Loan proceeds, limited to \$674,475, are payable in monthly installments including interest at 2.842% per annum for the first 75 months (including the 15 month construction period) and 3.552% per month for the remaining loan term. The loan is payable over twenty years.

During 2010, interest in the amount of \$11,078 and principal payments of \$24,214 were made.

Year of Maturity	Principal	Interest	Total
2011	\$ 25,088	\$ 10,207	\$ 35,295
2012	25,995	9,300	35,295
2013	26,933	8,362	35,295
2014	27,905	7,390	35,295
2015	28,913	6,382	35,295
2016-2020	160,995	15,478	176,473
2021	2,932	9	2,941
	\$ 298,761	\$ 57,128	\$ 355,889

Middletown County Club Note

As of December 31, 2010, the outstanding principal balance of the note payable for the purchase of the Middletown Country Club was \$411,214. The note is payable in monthly installments based on a thirty-year amortization schedule through November 2017, with interest accruing at a variable rate. The principal payment in 2010 was \$52,955. A schedule of the Township's debt service requirements is as follows:

Year of Maturity	Principal
2011	\$ 59,690
2012	63,371
2013	67,279
2014	71,427
2015	75,833
2016-2017	73,614
	\$ 411,214

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

D. BOND AND OTHER LONG-TERM DEBT (CONTINUED)

Long-Term Liabilities Summary

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

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010	Amounts Due Within One Year
<i>Government activities</i>					
G.O. Bonds 2010	\$ -	\$ 5,620,000	\$ 645,000	\$ 4,975,000	\$ 885,000
G.O. Bonds 2009	7,515,000	-	595,000	6,920,000	610,000
G.O. Bonds 2008	9,850,000	-	355,000	9,495,000	365,000
G.O. Bonds 2006	8,925,000	-	385,000	8,540,000	395,000
G.O. Bonds 2005	5,060,000	-	5,060,000	-	-
G.O. Bonds 1998	470,000	-	470,000	-	-
Penn Vest Loan	322,975	-	24,214	298,761	25,088
Total bonds and notes	<u>32,142,975</u>	<u>5,620,000</u>	<u>7,534,214</u>	<u>30,228,761</u>	<u>2,280,088</u>
Compensated absences	1,205,199	-	72,987	1,132,212	87,345
Other post employment benefits	<u>1,400,969</u>	<u>795,202</u>	<u>48,933</u>	<u>2,147,238</u>	<u>-</u>
Total governmental activities	<u>\$ 34,749,143</u>	<u>\$ 6,415,202</u>	<u>\$ 7,656,134</u>	<u>\$ 33,508,211</u>	<u>\$ 2,367,433</u>
<i>Business type activities</i>					
Middletown County Club Note	<u>\$ 467,435</u>	<u>\$ -</u>	<u>\$ 56,221</u>	<u>\$ 411,214</u>	<u>\$ 59,690</u>

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

Year of Maturity	Principal	Interest	Total
2011	\$ 2,339,778	\$ 1,025,534	\$ 3,365,312
2012	2,394,366	968,710	3,363,076
2013	2,464,212	909,261	3,373,473
2014	2,204,332	847,191	3,051,523
2015	2,269,746	789,287	3,059,033
2016-2020	9,814,609	2,910,090	12,724,699
2021-2025	5,852,932	1,430,957	7,283,889
2026-2029	3,300,000	303,753	3,603,753
	<u>\$30,639,975</u>	<u>\$ 9,184,783</u>	<u>\$ 39,824,758</u>

E. MIDDLETOWN COUNTRY CLUB LEASE AGREEMENT

The Township has 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. The Township maintains a fund that records the general fixed 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.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

F. EMPLOYEE RETIREMENT SYSTEM

Plan Descriptions:

Police Pension Plan

All of the Township's full-time police officers participate in the Police Pension Plan, a single-employer, defined benefit pension plan. Township Ordinance 80-1 established the plan on January 15, 1980. The plan has been subsequently amended by ordinances 86-49, 88-15, 91-24, 96-02 and 03-06. The fund was originally established pursuant to the Act of May 29, 1956, P.L. 1804, as amended. The plan is administered by three entities: Bank of New York- Mellon Bank - Trustee; Stifel Nicolaus - Investment Advisors; and Tocqueville Asset Management L.P. - Broker. All three share ninety-two basis points of the value of the plan each year for their fees.

All full-time members of the police force are required to join the Police Pension Plan upon employment. Benefits vest after 12 years of service. Police employees who retire at or after age 50 with 25 years of service are entitled to a retirement benefit, payable monthly for life, in an amount equal to 50 percent of their average monthly pay during their last 36 months of employment, plus a service increment benefit of \$600 per year for each full year of service in excess of 25 years. Benefits are also subject to annual cost of living increases until the original benefit has increased by a maximum of 25% effective January 1, 2004. The plan also provides death, disability, survivor and late retirement benefits. The Commonwealth of Pennsylvania Acts governing the pension plan are the "Municipal Pension Plan Funding Standard and Recovery Act" of December 18, 1984, P.L. 1005, No. 205, and the "Municipal Police Pension Law Act" of May 29, 1956, P.L. 1804, No. 600, as amended (commonly known as "Act 600").

Effective January 1, 2003, 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 up to a maximum of 96 months.

Police officers are required to contribute five and three-quarters percent of their annual salary to the plan. The balance of the plan's funding requirements are met by state aid and, if necessary, by Township contributions. The obligation of the officers and the Township to contribute to the Police Pension Plan is established by state law.

Nonuniformed Pension Plan

All Township full-time nonuniformed employees are required to join the Nonuniformed Pension Plan, a single-employer, cash balance, defined benefit pension plan, after their special review period. Township Ordinance 88-1 established the current plan on January 26, 1998. Ordinances 91-8 and 91-34 have subsequently amended the plan. The Bank of New York- Mellon Bank - Trustee; Stifel Nicolaus - Investment Advisors; and Tocqueville Asset Management L.P. - Broker, administer the plan. All three share ninety-two basis points of the value of the plan each year for their fees. Employee benefits vest after 5 years of service. Employees who retire at or after age 62 and the completion of 30 years of service, or at or after age 65 and the completion of 5 years of service, whichever is earlier, are entitled to receive their total account balance under the plan in a lump-sum payment.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

F. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Alternatively, employees may elect to receive a monthly annuity that is actuarially equivalent to the lump-sum payment. Effective January 1, 2003, employees contribute five percent of annual base pay to their account each year.

The Township's contribution to the plan is equal to seven percent of each employee's annual base pay per year. This amount is credited to the employee's account. In addition, all contributions and credits are credited with interest at the rate of six percent per annum.

The plan also provides death, disability, and early and late retirement benefits. The plan also provides certain minimum benefit guarantees for participants in the plan prior to its January 1, 1988, amendment. The Plan was amended in 2004 to provide for an Early Retirement Incentive Program. To be eligible, a participant must be age 60 with 20 years of service.

The establishment and operation of a nonuniformed pension plan in the Commonwealth of Pennsylvania is within the discretionary powers of the local governing bodies. However, the plan is affected to some degree by the provisions of the "Municipal Pension Plan Funding Standard and Recovery Act" of December 18, 1984, PL 1005, No. 205, which governs the distribution and use of state pension aid.

As noted, employees are required to contribute five percent of their annual base salary to the plan. The balance of the plan's funding requirements is met by state aid and, if necessary, by Township contributions. The obligation of the employees and Township to contribute to the Non-uniformed Pension Plan is established by state law.

The following summarizes financial information of the police pension plan and non-uniformed pension plan as of and for the year ended December 31, 2010.

Combining Statement of Net Assets	Police Pension Fund	Non-Uniform Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 1,077,618	\$ 218,593	\$ 1,296,211
Interest receivable	34,877	4,989	39,866
Investment, at fair value			
Government obligations	3,906,499	723,839	4,630,338
Corporate obligations	1,377,313	259,013	1,636,325
Municipal obligations	1,299,223	254,605	1,553,828
Stock equities	11,821,165	2,212,743	14,033,907
Foreign obligations	205,236	37,807	243,043
Government sponsored obligations	2,981,336	567,607	3,548,944
Total Assets	<u>22,703,267</u>	<u>4,279,195</u>	<u>26,982,462</u>
Net assets held in trust for pension benefits and other programs	<u>\$ 22,703,267</u>	<u>\$ 4,279,195</u>	<u>\$ 26,982,462</u>

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

F. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Combining Statement of Changes in Net Assets	Police Pension Fund	Non-Uniform Pension Fund	Total
Additions			
Contributions			
Employee contributions	\$ 261,300	\$ 105,951	\$ 367,251
Township contributions	764,346	78,255	842,601
Insurance proceeds	86,112	-	86,112
Total contributions	1,111,758	184,206	1,295,964
Investment income			
Interest and dividend income	667,868	123,263	791,131
Net appreciation in fair value of investments	845,006	144,027	989,033
Total investment income	1,512,874	267,290	1,780,164
Net investment income	1,512,874	267,290	1,780,164
Total Additions	2,624,632	451,496	(484,200)
Deductions			
Benefits	1,990,146	233,610	2,223,756
Administrative expenses	227,031	48,384	275,415
Total Deductions	2,217,177	281,994	2,499,171
Net increase	407,455	169,502	2,014,971
Net assets held in trust for pension benefits	407,455	169,502	2,014,971
Net assets, beginning of year	22,295,812	4,109,693	26,405,505
Net asset, end of year	\$ 22,703,267	\$ 4,279,195	\$ 26,982,462

Since both the Police and Nonuniformed Pension Plans are single-employer, defined benefit plans, the Township reports the same funding information for both plans. The following summary of significant accounting policies and plan assets, fund status and progress and trend information have been combined for both pension plans for ease of reporting.

Summary of Significant Accounting Policies and Plan Assets

The Plan's financial statements are prepared using the accrual basis of accounting. The method used to value assets in the actuarial updates is the fair value method. Both pension plans record their assets at fair value. This results in the net gains and net unrealized gains both being included on the statement of changes in plan net assets in the line net appreciation in fair value of investments. The plans do not issue separate financial statements.

Membership of each plan consists of the following at January 1, 2009 (the date of the latest actuarial valuation):

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

F. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

	Police Pension Plan	Non uniformed Pension Plan	Total
Payroll information			
Payroll for employee covered by each pension plan	\$ 4,437,594	\$ 2,043,051	\$ 6,480,645
Membership information			
Retirees and beneficiaries			
currently receiving benefits	46	5	51
Terminated vested employees	-	11	11
Active employees			
Fully vested	14	36	50
Nonvested	32	7	39
Total active employees	46	43	89

Funding Policy

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, which is recognized as revenue and expenses, in the amount of \$425,409 for the pension for the year ended December 31, 2010.

	Police	Nonuniformed	Total
Township contributions	\$ 764,346	\$ 78,255	\$ 842,601
Employee contributions	261,300	105,951	367,251

Annual Pension Cost and Net Pension Obligation

The two plans' annual pension cost and net pension obligation as of January 1, 2010 (date of latest actuarial valuation), were:

	Police	Nonuniformed
Annual required contribution	\$ 764,346	\$ 78,255
Interest on net pension obligation	-	-
Adjusted to annual required contribution	-	-
Annual pension cost	764,346	78,255
Contributions made	764,346	78,255
Increase in net pension obligation	-	-
Net pension obligation beginning of year	-	-
Net pension obligation end of year	\$ -	\$ -

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

F. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Three-Year Trend Information

	Fiscal Year Ended	Annual Pension Cost (APC)*	Percentage of APC Contributed	Net Pension Obligation
Police	12/31/2007	\$ 255,285	100%	-
	12/31/2008	306,873	100%	-
	12/31/2009	440,918	100%	-
	12/31/2010	409,132	100%	-
Nonuniformed	12/31/2007	-	100%	-
	12/31/2008	-	100%	-
	12/31/2009	-	100%	-
	12/31/2010	-	100%	-

*Net of state aid.

Funded Status and Funding Progress

As of January 1, 2009, the latest valuation date, both plans had unfunded actuarial accrued liabilities as follows:

	Police	Nonuniformed
Actuarial accrued liability at 1/1/09	\$ 32,263,479	\$ 4,413,836
Actuarial value of plan assets as of 1/1/09	28,588,615	4,365,195
Unfunded actuarial accrued liability	3,674,864	48,641
Funded ratio	88.61%	98.90%
Ratio of unfunded actuarial accrued liability for annual covered payroll	82.80%	2.40%

Actuarial Methods and Assumptions

A bi-annual actuarial valuation is performed for each plan. As of January 1, 2010, significant actuarial assumptions used in determining pension benefit obligations are: (1) investment return including inflation: 8.0 percent per annum compounded for the Police Plan and 7.5 percent per annum compounded annually for the Non-uniformed Plan; (2) projected salary scale increase: 5.0 percent per annum compounded annually for the Police Plan and 4.5 percent per annum compounded annually for the Nonuniformed Plan; (3) increase in CPI for the Police Plan only, 3.0 percent per annum compounded annually; (4) administrative expenses: \$249,233 for the Police Pension Plan and \$47,323 for the Non-uniformed Plan; (5) mortality: 1983 group annuity mortality table; (6) actuarial value of assets: the actuarial value of assets as of the last valuation date plus non-investment increases less non-investment decreases since the last valuation date plus interest credited at the last valuation's assumed interest rate assuming noninvestment increases and decreases occur at the mid-point between the last and current valuation date, limited to a maximum of 115% and a minimum of 85% of the fair value of assets as of the current valuation date for the Police Plan and fair value for the Nonuniformed Plan; (7) the Entry Age Normal Actuarial cost period on a closed basis; and (8) the remaining amortization period: over future years, as specified in Act 205, and revised by Act 44 is nineteen years.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

F. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

There were no significant changes in actuarial assumptions for either Plan in 2010.

Schedule of Funding Progress

The Schedule of Funding Progress, presented as Required Supplementary Information (“RSI”) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Funded Status

The funded status of each plan as of January 1, 2010, to most recent valuation date is as follows:

Schedule of Township and State (PA) Contributions

Police Plan				
Year	Annual Required Contribution	State's Contribution	Township's Annual Required Contribution	Percentage Contributed
2004	\$ 531,208	\$ 386,732	\$ 144,476	100%
2005	580,746	353,877	226,869	100%
2006	591,820	330,083	261,737	100%
2007	605,161	349,876	255,285	100%
2008	660,750	353,877	306,873	100%
2009	785,798	344,880	440,918	100%
2010	764,346	355,214	409,132	100%

Schedule of Township and State (PA) Contributions

Non-Uniformed Pension Plan				
Year	Annual Required Contribution	State's Contribution	Township's Annual Required Contribution	Percentage Contributed
2004	\$ 67,439	\$ 67,439	\$ -	100%
2005	64,651	64,651	-	100%
2006	93,044	93,044	-	100%
2007	86,193	86,193	-	100%
2008	103,038	103,038	-	100%
2009	80,530	80,530	-	100%
2010	78,255	78,255	-	100%

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

G. 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.

H. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description:

The Township's post employment benefits other than pensions was established 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 Township provides limited reimbursement for post-retirement health benefits to police officers. 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.

Funding Policy

Contribution requirements are negotiated between the Township and union representatives. The Township contributes 100 percent of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2010, the Township contributed \$48,993 to the plan.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

H. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	795,202
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		795,202
Contributions made		48,933
Increase in net OPEB obligation		746,269
Net OPEB obligation, beginning of year		1,400,969
Net OPEB obligation, end of year	\$	2,147,238

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2010 and the preceding fiscal years were as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 795,202	0%	\$ 795,202
2009	795,202	18%	654,700
2010	795,202	12%	697,336

Funded Status and Funding Progress

As of January 1, 2008, the actuarial accrued liability for benefits was \$6,448,201, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,437,807, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 187.6 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

H. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees

Active plan members were assumed to retire at age 50 or older with 25 years of service.

Marital status

Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality

Life expectancies were based on mortality tables from the GA 1983 table, which is based on the mortality of the general population.

Turnover

Three percent of members with less than ten years of services are expected to be terminated each year.

Health care cost trend rate

Based on the current premium rates, health insurance premiums are assumed to increase by 12% in 2008, decreasing 1% per year to an ultimate rate of 6% in 2014 and later years. Vision care premiums are assumed to increase 5% per year.

Payroll growth rate

The expected long-term payroll growth rate was assumed to be 5.0% per year.

Based on the historical and expected returns of the Township's short-term investment portfolio, a discount rate of 5.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2008, was thirty years.

Actuarial assumptions were based on the following:

- Economic assumptions - the discount rate and health care cost trend rates
- Benefit assumptions - the initial per capita cost rates for medical and vision coverage
- Demographic assumptions - the probabilities of retiring, dying, election (participation rates) and coverage levels.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

H. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The actuarial cost method is the way that unfunded plan costs are allocated over the future years, including the current year. The actuarial valuation uses the Entry Age Normal Actuarial Cost Method. Under this method, the normal cost and actuarial accrued liability are determined on an individual basis. The unfunded actuarial accrued liability is determined as the excess of the actuarial accrued liability over the actuarial value of assets. If the actuarial accrued liability exceeds the actuarial value of plan assets, the unfunded actuarial accrued liability is amortized over future years as part of the annual contribution requirement. The amortization amounts are determined based on the source of each piece of the unfunded accrued liability (*e.g. actuarial gains and losses, plan amendments, changes in assumptions, etc.*) If the actuarial value of assets exceeds the actuarial accrued liability, 10% of this excess is used to reduce the plan's financial requirement.

I. 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. For monies loaned to Governmental or Capital Projects Funds, the long-term liability is recorded in the fund. Real estate taxes are used for the repayment of the interfund advance.

The loans made to the Curb/Road Revolving Fund for the construction of curb improvements are recorded and repaid by residential assessments. The Township records all advances from the Contingency Fund as 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 fund stated below. The receivables are recorded in the Contingency Fund. The interfund payables outstanding as of December 31, 2010, the annual installment (principal plus interest) and the scheduled maturities are as follows:

	Balance 1/1/2010	Additions	Principal Payments	Balance 12/31/2010	Due within One year
Police vehicles 2007	\$ 32,818	\$ -	\$ 32,818	\$ -	\$ -
Flood 1996	46,132	-	14,837	31,295	15,371
Total General Fund	<u>\$ 78,950</u>	<u>\$ -</u>	<u>\$ 47,655</u>	<u>\$ 31,295</u>	<u>\$ 15,371</u>
 Total Government Fund Type	 <u>\$ 78,950</u>			 <u>\$ 31,295</u>	 <u>\$ 15,371</u>

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

I. INTERFUND ADVANCES AND TRANSFERS (CONTINUED)

The following summary reflects the changes in the interfund loans that are recorded in the Enterprise Funds for the year ended December 31, 2010.

	Balance 1/1/2010	Additions	Principal Payments	Balance 12/31/2010
Country Club Fund	\$ 356,574	\$ -	\$ 60,810	\$ 295,764
Farm Fund	149,364	-	-	149,364
Total General Fund	\$ 505,938	\$ -	\$ 60,810	\$ 445,128

The liability for these loans is reflected in the Proprietary Funds. The receivable is recorded in the Contingency Fund. The Country Club loans are recorded in the Middletown Country Club Fund. The interfund payables outstanding as of December 31, 2010, the annual installment (principal plus interest) and the scheduled maturities are as follows:

	Original Amount	Interest Rate	Annual Installment	Final Due Date	Outstanding 12/31/2010	Outstanding 12/31/2009
General Fund						
Police vehicles 2007	\$ 98,455	0.00%	\$ 32,818	6/1/2010	\$ -	\$ 32,818
Flood 1996	300,000	3.60%	14,837	6/30/2012	31,295	46,132
					<u>31,295</u>	<u>78,950</u>
Capital Projects Fund						
Curb/road	109,370	0.00%	-	Repayment based on assessment	-	-
Total interfund payables for Governmental Fund Types					\$ 31,295	\$ 78,950

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.

	Original Amount	Interest Rate	Annual Installment	Final Due Date	Outstanding 12/31/2010	Outstanding 12/31/2009
Farm Fund	\$ 214,764	\$ -	\$ -		\$ 149,364	\$ 149,364
Farm Fund	34,600	0.00%	-		-	-
					<u>149,364</u>	<u>149,364</u>
Country Club Loan	313,550	3.60%	16,368	12/1/2015	91,274	107,644
Country Club Pool Loan	133,208	3.60%	9,000	12/1/2011	7,209	16,208
Country Club Irrigation Loan	500,000	3.60%	35,440	6/1/2015	197,281	232,722
					<u>295,764</u>	<u>356,574</u>
Total interfund payable Enterprise Funds					\$ 445,128	\$ 505,938
Total interfund payable Capital Projects Fund					\$ 476,423	\$ 584,888

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

I. INTERFUND ADVANCES AND TRANSFERS (CONTINUED)

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.

	General Fund	Debt Service Fund	Special Revenue Fund	Fiduciary Fund	Total
Transfer out:					
Investment Fund	\$ 1,721,613	\$ -	\$ 128,387	\$ -	\$ 1,850,000
Debt Service Fund	32,000	-	-	-	32,000
Contingency Fund	1,000,000	-	-	-	1,000,000
Country Club	12,689	-	-	-	12,689
Farm Fund	6,674	-	-	-	6,674
Special Revenue Fund	394,483	-	-	-	394,483
Capital Projects Fund	-	-	-	-	-
	\$ 3,167,459	\$ -	\$ 128,387	\$ -	\$ 3,295,846

Due From/To Other Funds

Due from other funds:

Major funds

General Fund	\$ 331,957
Debt Service Fund	51,505
Special Revenue Fund	59,219
	\$ 442,681

Due to other funds:

Major funds

General Fund	\$ 110,724
Other Government Funds	222,171
Private Purpose Trust Fund	109,786
	\$ 442,681

J. 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. 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, 2010.

MIDDLETOWN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

K. LITIGATION

There are various other claims and pending actions against the Township as of December 31, 2010. Based upon a review of these claims with Township solicitors, the aggregate exposure to liability was not considered material.

L. ROUNDING

Some schedules in the financial statements may have dollar differences due to rounding.

REQUIRED SUPPLEMENTARY INFORMATION

MIDDLETOWN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE OTHER
POST RETIREMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Aal (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)b
1/1/2008	\$ -	\$ 6,448,201	\$ 6,448,201	0.0%	\$3,437,807	187.6%

MIDDLETOWN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR PENSION PLANS

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Aal (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)b
1/1/2005	\$ 24,751,471	\$ 24,407,042	\$ (344,429)	101.4%	\$ 4,042,630	-8.5%
1/1/2006	25,710,791	24,096,475	(1,614,316)	106.7%	4,006,249	-40.3%
1/1/2007	27,521,027	27,639,909	118,882	99.6%	4,144,680	2.9%
1/1/2008	-	-	-	0.0%	-	0.0%
1/1/2009	28,588,615	32,263,479	3,674,864	88.6%	4,437,594	82.8%

Non-Uniformed

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Aal (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)b
1/1/2005	\$ 3,457,529	\$ 3,240,727	\$ (216,802)	106.7%	\$ 1,948,307	-11.1%
1/1/2006	2,609,254	-	(2,609,254)	0.0%	-	0.0%
1/1/2007	4,131,207	3,699,551	(431,656)	111.7%	1,977,643	-21.8%
1/1/2008	4,015,338	-	(4,015,338)	0.0%	-	0.0%
1/1/2009	4,365,195	4,413,836	48,641	98.9%	2,043,051	2.4%

MIDDLETOWN TOWNSHIP

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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. The Code requires that budgets be legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The Township maintains legal budgetary control by the broad categories of revenue and expenditures prescribed in a chart of accounts established by the Commonwealth. The legal level of budgetary control is at the department 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 reappropriated. 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 between the broad account categories. During 2010, expenditures did not exceed appropriations in the General Fund. During the year, the Township did not materially amend the budget in such a manner that would require disclosure under GASB codification section 2300.108.

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.

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 0.800 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 1.375 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 1.620 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 0.395 mill real estate tax levy for the purpose of supporting the operations and activities of the Penn-del-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 0.080 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.

State Highway Aid Fund - This fund is used to account for the Township's share of the Liquid Fuels Tax Grant disbursed annually by the Commonwealth of Pennsylvania. All monies in this fund are expended in accordance with the rules and regulations established by the Pennsylvania General Assembly and the Pennsylvania Department of Transportation for the construction, reconstruction, and maintenance of all locally-owned roads, streets, and bridges, including traffic line painting and snow removal. In addition, energy and maintenance costs for traffic signals are paid from this fund.

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.

General Obligation Bond Issue of 1997 Fund - This fund is used to account for the construction of improvements to upgrade the Township's stormwater management system, the acquisition, construction, and equipping of a new police building, and the acquisition and improvement of real estate for open space. These capital projects were financed by the issuance of \$5,000,000 in G.O. bonds in 1997.

General Obligation Bond Issue of 2006 Fund - This fund is used to account for the costs of planning, design, construction, furnishing, and equipping of an emergency services station and a public works building, and the reconstruction and renovation of certain roads and highways. This fund was established by the issuance of \$10,000,000 in G.O. bonds in 2006.

General Obligation Bond Issue of 2008 Fund – This fund is used to account for the costs of reconstruction, repairing and curb improvements in Levittown, improvements to the community center building, improvements to the country club, reconstruction of Beachwood Park and Simmons Memorial Park. This fund was established by issuance of \$10,000,000 in G.O. bonds in 2008.

Community Development Fund – This fund is used to account for certain grant funds awarded to the Township for capital projects.

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 non-residential building permit privilege tax.

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.

Contingency Fund - This fund was established to extend interfund advances to fund capital purchases.

TOWNSHIP OF MIDDLETOWN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

	Special Revenue									Capital Projects				Total Nonmajor Governmental Funds	
	General Street Lighting	Fire Protection	Parks and Recreation	Ambulance and Rescue	Road Machinery	Fire Hydrant	State Highway Aid	GOB Issue of 1997	GOB Issue of 2006	GOB Issue of 2008	Community Development	Capital Reserve	Curb/Road Revolving		Contingency
Assets															
Cash and cash equivalents	\$ 21,020	\$ 213,854	\$ 291,651	\$ 76,204	\$ 152,757	\$ 2,388	\$ 924,211	\$ (16,925)	\$ 1,288	\$ 2,701,062	\$ -	\$ 3,268,226	\$ 117,686	\$ 98,194	\$ 7,851,616
Taxes receivable, net	10,982	18,683	21,972	4,860	4,028	976	-	-	-	-	-	-	-	-	61,501
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-	9,696	-	9,696
Accounts receivable, net	8,556	3,679	-	31	-	-	-	-	-	-	60,765	-	-	-	73,031
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	476,426	476,426
Due from other funds	2,828	5,032	40,297	1,446	1,098	280	-	16,925	-	170,346	9,581	-	-	-	247,833
Total Assets	\$ 43,386	\$ 241,248	\$ 353,920	\$ 82,541	\$ 157,883	\$ 3,644	\$ 924,211	\$ -	\$ 1,288	\$ 2,871,408	\$ 70,346	\$ 3,268,226	\$ 127,382	\$ 574,620	\$ 8,720,103
Liabilities															
Accounts payable	\$ 37,297	\$ 20	\$ 25,278	\$ 20	\$ 86,970	\$ 5,094	\$ 33,000	\$ -	\$ -	\$ 326,705	\$ -	\$ 23,300	\$ -	\$ -	\$ 537,684
Accrued salaries and benefits	2,892	-	16,522	-	-	-	25,133	-	-	-	-	-	-	-	44,547
Deferred revenue	10,979	18,673	21,972	4,860	4,029	976	-	-	-	-	-	-	7,076	-	68,565
Due to other funds	-	-	8,343	-	-	-	106,994	-	1,279	34,385	70,346	117,591	-	-	338,938
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	3,395	-	-	-	754	-	9	-	-	500	-	-	4,658
Total Liabilities	51,168	18,693	75,510	4,880	90,999	6,070	165,881	-	1,288	361,090	70,346	141,391	7,076	-	994,392
Fund Balances															
Reserved for															
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	476,426	476,426
Transportation impact fee	-	-	-	-	-	-	-	-	-	-	-	374,341	-	-	374,341
Unreserved, designated for, reported in:															
Capital projects fund	-	-	-	-	-	-	-	-	-	2,510,318	-	2,752,494	-	-	5,262,812
Special revenue funds	-	-	139,240	-	-	-	-	-	-	-	-	-	-	-	139,240
Unreserved, undesignated	(7,782)	222,555	139,170	77,661	66,884	(2,426)	758,330	-	-	-	-	-	120,306	98,194	1,472,892
Total Fund Balances	(7,782)	222,555	278,410	77,661	66,884	(2,426)	758,330	-	-	2,510,318	-	3,126,835	120,306	574,620	7,725,711
Total Liabilities and Fund Balances	\$ 43,386	\$ 241,248	\$ 353,920	\$ 82,541	\$ 157,883	\$ 3,644	\$ 924,211	\$ -	\$ 1,288	\$ 2,871,408	\$ 70,346	\$ 3,268,226	\$ 127,382	\$ 574,620	\$ 8,720,103

TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue							Capital Projects					Total Nonmajor Governmental Funds	
	General Street Lighting	Fire Protection	Parks and Recreation	Ambulance and Rescue	Road Machinery	Fire Hydrant	State Highway Aid	GOB Issue of 1997	GOB Issue of 2006	GOB Issue of 2008	Community Development	Capital Reserve		Curb/Road Revolving
Revenues														
Taxes	\$ 418,796	\$ 721,695	\$ 850,263	\$ 207,318	\$ 157,441	\$ 41,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	55,514	-	-
Interest and rents	335	1,534	8,229	489	347	48	4,310	11	122	5,434	7,831	301	14,817	
Intergovernmental revenues	-	429,629	-	-	-	-	849,753	-	-	-	180,155	90,000	-	-
Charges for services	5,341	-	252,855	-	-	-	-	-	-	-	-	-	-	
Special assessment	-	-	-	-	-	-	-	-	-	-	-	1,456	-	
Contributions private source	-	-	44,785	-	-	-	-	-	-	-	62,968	-	-	
Miscellaneous revenues	-	-	1,138	-	-	-	924	-	-	-	-	-	-	
Total Revenues	424,472	1,152,858	1,157,270	207,807	157,788	41,929	854,987	11	122	5,434	180,155	216,313	1,757	14,817
Expenditures														
Current														
General government	-	-	-	-	-	-	-	-	-	-	-	54,752	-	-
Public safety	-	821,605	-	203,169	-	48,315	-	-	-	-	-	-	-	-
Public works	458,156	-	-	-	890	-	807,869	-	-	8,926	-	18,159	-	-
Parks and recreation	-	-	1,330,994	-	-	-	-	-	-	-	180,155	103,788	-	-
Capital outlay/development	-	-	-	-	116,803	-	-	33,507	78,323	1,422,103	-	326,555	-	-
Total expenditures	458,156	821,605	1,330,994	203,169	117,693	48,315	807,869	33,507	78,323	1,431,029	180,155	503,234	-	-
Excess (deficiency) of revenues over expenditures	(33,684)	331,253	(173,724)	4,638	40,095	(6,386)	47,118	(33,496)	(78,201)	(1,425,595)	-	(286,921)	1,757	14,817
Other financing source (uses)														
Bond refinancing proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital asset	-	-	-	-	-	-	-	-	150	-	-	-	-	150
Payment to refund bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond refinancing expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in	-	-	128,387	-	-	-	-	-	-	-	-	-	-	128,387
Transfer out	(17,000)	(334,783)	(20,000)	(3,500)	(1,200)	(1,000)	-	-	-	-	-	-	(1,000,000)	(1,377,483)
Total other financing sources (uses)	(17,000)	(334,783)	108,387	(3,500)	(1,200)	(1,000)	-	-	150	-	-	-	-	(1,000,000)
Net Change in Fund Balances	(50,684)	(3,530)	(65,337)	1,138	38,895	(7,386)	47,118	(33,496)	(78,051)	(1,425,595)	-	(286,921)	1,757	(985,183)
Fund Balances, Beginning of Year	42,902	226,085	343,747	76,523	27,989	4,960	711,212	33,496	78,051	3,935,913	-	3,413,756	118,549	1,559,803
Fund Balance, End of Year	\$ (7,782)	\$ 222,555	\$ 278,410	\$ 77,661	\$ 66,884	\$ (2,426)	\$ 758,330	\$ -	\$ -	\$ 2,510,318	\$ -	\$ 3,126,835	\$ 120,306	\$ 574,620

Budgetary Comparison Schedules
Non-major Special Revenue Funds,
Debt Service Fund
and
Capital Project Funds

MIDDLETOWN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - GENERAL STREET LIGHTING FUND

(SUPPLEMENTARY INFORMATION)

For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 414,682	\$ 414,682	\$ 418,796	\$ 4,114
Interest and rents	1,000	1,000	335	(665)
Charges for services	4,800	4,800	5,341	541
TOTAL REVENUES	<u>420,482</u>	<u>420,482</u>	<u>424,472</u>	<u>3,990</u>
EXPENDITURES				
Current				
Public works	453,995	462,995	458,156	(4,839)
TOTAL EXPENDITURES	<u>453,995</u>	<u>462,995</u>	<u>458,156</u>	<u>(4,839)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,513)</u>	<u>(42,513)</u>	<u>(33,684)</u>	<u>8,829</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	(17,000)	(17,000)	(17,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(50,513)	(59,513)	(50,684)	8,829
FUND BALANCE, BEGINNING	<u>42,902</u>	<u>42,902</u>	<u>42,902</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (7,611)</u>	<u>\$ (16,611)</u>	<u>\$ (7,782)</u>	<u>\$ 8,829</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - FIRE PROTECTION FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 718,643	\$ 718,643	\$ 721,695	\$ 3,052
Interest and rents	1,800	1,800	1,534	(266)
Intergovernmental revenues	<u>381,703</u>	<u>431,703</u>	<u>429,629</u>	<u>(2,074)</u>
TOTAL REVENUES	<u>1,102,146</u>	<u>1,152,146</u>	<u>1,152,858</u>	<u>712</u>
EXPENDITURES				
Current				
Public safety	<u>767,363</u>	<u>827,363</u>	<u>821,605</u>	<u>(5,758)</u>
TOTAL EXPENDITURES	<u>767,363</u>	<u>827,363</u>	<u>821,605</u>	<u>(5,758)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>334,783</u>	<u>324,783</u>	<u>331,253</u>	<u>6,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(334,783)</u>	<u>(334,783)</u>	<u>(334,783)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(334,783)</u>	<u>(334,783)</u>	<u>(334,783)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	-	(10,000)	(3,530)	6,470
FUND BALANCE, BEGINNING	<u>226,085</u>	<u>226,085</u>	<u>226,085</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 226,085</u>	<u>\$ 216,085</u>	<u>\$ 222,555</u>	<u>\$ 6,470</u>

MIDDLETOWN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - PARKS AND RECREATION FUND

(SUPPLEMENTARY INFORMATION)

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 844,461	\$ 844,461	\$ 850,263	\$ 5,802
Interest and rents	8,100	8,100	8,229	129
Charges for services	232,500	232,500	252,855	20,355
Contributions private source	12,500	12,500	44,785	32,285
Miscellaneous	-	-	1,138	1,138
TOTAL REVENUES	<u>1,097,561</u>	<u>1,097,561</u>	<u>1,157,270</u>	<u>59,709</u>
EXPENDITURES				
Current				
Parks and recreation	1,341,374	1,386,374	1,330,994	(55,380)
TOTAL EXPENDITURES	<u>1,341,374</u>	<u>1,386,374</u>	<u>1,330,994</u>	<u>(55,380)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(243,813)</u>	<u>(288,813)</u>	<u>(173,724)</u>	<u>115,089</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	145,387	145,387	128,387	(17,000)
Transfers out	(20,000)	(20,000)	(20,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>125,387</u>	<u>125,387</u>	<u>108,387</u>	<u>(17,000)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(118,426)	(163,426)	(65,337)	98,089
FUND BALANCE, BEGINNING	<u>343,747</u>	<u>343,747</u>	<u>343,747</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 225,321</u>	<u>\$ 180,321</u>	<u>\$ 278,410</u>	<u>\$ 98,089</u>

MIDDLETOWN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - AMBULANCE AND RESCUE FUND

(SUPPLEMENTARY INFORMATION)

Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 205,850	\$ 205,950	\$ 207,318	\$ 1,368
Interest and rents	800	800	489	(311)
TOTAL REVENUES	<u>206,650</u>	<u>206,750</u>	<u>207,807</u>	<u>1,057</u>
EXPENDITURES				
Current				
Public Safety	<u>203,150</u>	<u>203,250</u>	<u>203,169</u>	<u>(81)</u>
TOTAL EXPENDITURES	<u>203,150</u>	<u>203,250</u>	<u>203,169</u>	<u>(81)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,500</u>	<u>3,500</u>	<u>4,638</u>	<u>1,138</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	-	-	1,138	1,138
FUND BALANCE, BEGINNING	<u>76,523</u>	<u>76,523</u>	<u>76,523</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 76,523</u>	<u>\$ 76,523</u>	<u>\$ 77,661</u>	<u>\$ 1,138</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - ROAD MACHINERY FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 155,420	\$ 155,420	\$ 157,441	\$ 2,021
Interest and rents	-	-	347	347
TOTAL REVENUES	<u>155,420</u>	<u>155,420</u>	<u>157,788</u>	<u>2,368</u>
EXPENDITURES				
Current				
Public works	-	-	890	890
Capital outlay	142,525	142,525	116,803	(25,722)
TOTAL EXPENDITURES	<u>142,525</u>	<u>142,525</u>	<u>117,693</u>	<u>(24,832)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,895</u>	<u>12,895</u>	<u>40,095</u>	<u>27,200</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,200)	(1,200)	(1,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	11,695	11,695	38,895	27,200
FUND BALANCE, BEGINNING	<u>27,989</u>	<u>27,989</u>	<u>27,989</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 39,684</u>	<u>\$ 39,684</u>	<u>\$ 66,884</u>	<u>\$ 27,200</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - FIRE HYDRANT FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 41,831	\$ 41,831	\$ 41,881	\$ 50
Interest and rents	100	100	48	(52)
TOTAL REVENUES	<u>41,931</u>	<u>41,931</u>	<u>41,929</u>	<u>(2)</u>
EXPENDITURES				
Current				
Public safety	<u>46,025</u>	<u>49,025</u>	<u>48,315</u>	<u>(710)</u>
TOTAL EXPENDITURES	<u>46,025</u>	<u>49,025</u>	<u>48,315</u>	<u>(710)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,094)</u>	<u>(7,094)</u>	<u>(6,386)</u>	<u>708</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(5,094)	(8,094)	(7,386)	708
FUND BALANCE, BEGINNING	<u>4,960</u>	<u>4,960</u>	<u>4,960</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (134)</u>	<u>\$ (3,134)</u>	<u>\$ (2,426)</u>	<u>\$ 708</u>

MIDDLETOWN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - STATE HIGHWAY AID FUND

(SUPPLEMENTARY INFORMATION)

Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 850,579	\$ 850,579	\$ 849,753	\$ (826)
Interest and rents	5,000	5,000	4,310	(690)
Miscellaneous revenue	-	-	924	924
TOTAL REVENUES	<u>855,579</u>	<u>855,579</u>	<u>854,987</u>	<u>(592)</u>
EXPENDITURES				
Current				
Public works - highways and streets	959,331	1,059,331	807,869	(251,462)
TOTAL EXPENDITURES	<u>959,331</u>	<u>1,059,331</u>	<u>807,869</u>	<u>(251,462)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(103,752)</u>	<u>(203,752)</u>	<u>47,118</u>	<u>250,870</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(103,752)	(203,752)	47,118	250,870
FUND BALANCE, BEGINNING	<u>711,212</u>	<u>711,212</u>	<u>711,212</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 607,460</u>	<u>\$ 507,460</u>	<u>\$ 758,330</u>	<u>\$ 250,870</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$3,119,364	\$3,119,364	\$3,128,373	\$ 9,009
Interest and rents	3,500	3,500	4,686	1,186
TOTAL REVENUES	<u>3,122,864</u>	<u>3,122,864</u>	<u>3,133,059</u>	<u>10,195</u>
EXPENDITURES				
Current				
General government	-	-	25,706	25,706
Debt service	3,337,440	3,337,440	3,094,463	(242,977)
TOTAL EXPENDITURES	<u>3,337,440</u>	<u>3,337,440</u>	<u>3,120,169</u>	<u>(217,271)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(214,576)</u>	<u>(214,576)</u>	<u>12,890</u>	<u>227,466</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	5,620,000	5,620,000
Cost of issuance, net premium	-	-	(62,561)	(62,561)
Refunding of 1998 and 2995 bonds	-	-	(5,557,439)	(5,557,439)
Transfer in	-	-	-	-
Transfer out	(32,000)	(32,000)	(32,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(246,576)	(246,576)	(19,110)	227,466
FUND BALANCE, BEGINNING	<u>423,079</u>	<u>423,079</u>	<u>423,079</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 176,503</u>	<u>\$ 176,503</u>	<u>\$ 403,969</u>	<u>\$ 227,466</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL OBLIGATION BOND ISSUE OF 1997 FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and rents	\$ 600	\$ 600	\$ 11	\$ (589)
TOTAL REVENUES	<u>600</u>	<u>600</u>	<u>11</u>	<u>(589)</u>
EXPENDITURES				
Capital outlay	68,303	68,303	33,507	(34,796)
TOTAL EXPENDITURES	<u>68,303</u>	<u>68,303</u>	<u>33,507</u>	<u>(34,796)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(67,703)</u>	<u>(67,703)</u>	<u>(33,496)</u>	<u>34,207</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(67,703)	(67,703)	(33,496)	34,207
FUND BALANCE (DEFICIT), BEGINNING	<u>33,496</u>	<u>33,496</u>	<u>33,496</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (34,207)</u>	<u>\$ (34,207)</u>	<u>\$ -</u>	<u>\$ 34,207</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL OBLIGATION BOND ISSUE OF 2006 FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and rents	\$ -	\$ -	\$ 122	\$ 122
Sale of capital asset	-	-	150	150
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>272</u>	<u>272</u>
EXPENDITURES				
Capital outlay	-	80,000	78,323	(1,677)
TOTAL EXPENDITURES	<u>-</u>	<u>80,000</u>	<u>78,323</u>	<u>(1,677)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(80,000)</u>	<u>(78,051)</u>	<u>1,949</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	-	(80,000)	(78,051)	1,949
FUND BALANCE, BEGINNING	<u>78,051</u>	<u>78,051</u>	<u>78,051</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 78,051</u>	<u>\$ (1,949)</u>	<u>\$ -</u>	<u>\$ 1,949</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL OBLIGATION BOND ISSUE OF 2008 FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and rents	\$ 50,000	\$ 50,000	\$ 5,434	\$ (44,566)
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>5,434</u>	<u>(44,566)</u>
EXPENDITURES				
Public works	-	-	8,926	8,926
Capital outlay	<u>4,620,575</u>	<u>4,620,575</u>	<u>1,422,103</u>	<u>(3,198,472)</u>
TOTAL EXPENDITURES	<u>4,620,575</u>	<u>4,620,575</u>	<u>1,431,029</u>	<u>(3,189,546)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,570,575)</u>	<u>(4,570,575)</u>	<u>(1,425,595)</u>	<u>3,144,980</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(4,570,575)	(4,570,575)	(1,425,595)	3,144,980
FUND BALANCE, BEGINNING	<u>3,935,913</u>	<u>3,935,913</u>	<u>3,935,913</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (634,662)</u>	<u>\$ (634,662)</u>	<u>\$ 2,510,318</u>	<u>\$ 3,144,980</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
COMMUNITY DEVELOPMENT FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 180,155	\$ 180,155
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>180,155</u>	<u>180,155</u>
EXPENDITURES				
Current				
Parks and recreation	-	-	180,155	180,155
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>180,155</u>	<u>180,155</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - CAPITAL RESERVE FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 55,514	\$ 55,514
Interest and rents	25,000	25,000	7,831	(17,169)
Intergovernmental revenues	20,000	20,000	90,000	70,000
Contributions private source	83,000	83,000	62,968	(20,032)
TOTAL REVENUES	<u>128,000</u>	<u>128,000</u>	<u>216,313</u>	<u>88,313</u>
EXPENDITURES				
Current				
General government	329,423	329,423	54,752	(274,671)
Public safety	50,000	50,000	-	(50,000)
Public works	-	-	18,159	18,159
Parks and recreation	640,000	640,000	103,788	(536,212)
Capital Outlay	-	-	326,535	326,535
TOTAL EXPENDITURES	<u>1,019,423</u>	<u>1,019,423</u>	<u>503,234</u>	<u>(516,189)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(891,423)</u>	<u>(891,423)</u>	<u>(286,921)</u>	<u>604,502</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(891,423)	(891,423)	(286,921)	604,502
FUND BALANCE, BEGINNING	<u>3,413,756</u>	<u>3,413,756</u>	<u>3,413,756</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,522,333</u>	<u>\$ 2,522,333</u>	<u>\$ 3,126,835</u>	<u>\$ 604,502</u>

MIDDLETOWN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - CURB/ROAD REVOLVING FUND

(SUPPLEMENTARY INFORMATION)

Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and rents	\$ 800	\$ 800	\$ 301	\$ (499)
Special assessment	-	-	1,456	1,456
TOTAL REVENUES	<u>800</u>	<u>800</u>	<u>1,757</u>	<u>957</u>
EXPENDITURES				
Current				
Public works	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>800</u>	<u>800</u>	<u>1,757</u>	<u>957</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	800	800	1,757	957
FUND BALANCE, BEGINNING	<u>118,549</u>	<u>118,549</u>	<u>118,549</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 119,349</u>	<u>\$ 119,349</u>	<u>\$ 120,306</u>	<u>\$ 957</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - CONTINGENCY FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and rents	\$ 25,000	\$ 25,000	\$ 14,817	\$ (10,183)
TOTAL REVENUES	<u>25,000</u>	<u>25,000</u>	<u>14,817</u>	<u>(10,183)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,000</u>	<u>25,000</u>	<u>14,817</u>	<u>(10,183)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(975,000)	(975,000)	(985,183)	(10,183)
FUND BALANCE, BEGINNING	<u>1,559,803</u>	<u>1,559,803</u>	<u>1,559,803</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 584,803</u>	<u>\$ 584,803</u>	<u>\$ 574,620</u>	<u>\$ (10,183)</u>

MIDDLETOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - INVESTMENT FUND
(SUPPLEMENTARY INFORMATION)
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and rents	\$ 1,200,000	\$ 1,200,000	\$ 630,234	\$ (569,766)
Gain (loss) on investments	-	-	404,483	404,483
Miscellaneous	-	-	717	717
TOTAL REVENUES	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,035,434</u>	<u>(164,566)</u>
EXPENDITURES				
Current				
General government	40,000	40,000	39,180	(820)
TOTAL EXPENDITURES	<u>40,000</u>	<u>40,000</u>	<u>39,180</u>	<u>(820)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,160,000</u>	<u>1,160,000</u>	<u>996,254</u>	<u>(163,746)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,850,000)	(1,850,000)	(1,850,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,850,000)</u>	<u>(1,850,000)</u>	<u>(1,850,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE	(690,000)	(690,000)	(853,746)	(163,746)
FUND BALANCE, BEGINNING	<u>42,643,345</u>	<u>42,643,345</u>	<u>42,643,345</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 41,953,345</u>	<u>\$ 41,953,345</u>	<u>\$ 41,789,599</u>	<u>\$ (163,746)</u>

MIDDLETOWN TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TOWNSHIP ESCROW FUND

(SUPPLEMENTARY INFORMATION)

Year Ended December 31, 2010

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

	01/01/10	Additions	Deletions	12/31/10
Assets				
Cash and cash equivalents	<u>\$ 1,753,672</u>	<u>\$ 7,993</u>	<u>\$ -</u>	<u>\$ 1,761,665</u>
Total Assets	<u><u>\$ 1,753,672</u></u>	<u><u>\$ 7,993</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,761,665</u></u>
Liabilities				
Accounts payable	\$ -	\$ 84,216	\$ -	\$ 84,216
Customer deposits	1,399,813	-	79,635	1,320,178
Accumulated interest	<u>353,859</u>	<u>3,412</u>	<u>-</u>	<u>357,271</u>
Total Liabilities	<u><u>\$ 1,753,672</u></u>	<u><u>\$ 87,628</u></u>	<u><u>\$ 79,635</u></u>	<u><u>\$ 1,761,665</u></u>

STATISTICAL SECTION

MIDDLETOWN TOWNSHIP

STATEMENT OF NET ASSETS

December 31, 2010

Statistical Section

This part of the Township of Middletown's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information.

Contents	Schedules
Financial Trends	1 - 4
<p>These schedules contain trend information that may assist the reader in assessing the government's current financial performance by placing it in historical perspective.</p>	
Revenue Capacity	5 - 8
<p>These schedules contain information that may assist the reader in assessing the viability of the government's most significant local revenue sources.</p>	
Debt Capacity	9 - 12
<p>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.</p>	
Economic & Demographic Information	13 - 14
<p>These schedules offer economic and demographic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	15 - 17
<p>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.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Middletown Township implemented GASB 34 in fiscal year 2003.

MIDDLETOWN TOWNSHIP
NET ASSETS BY COMPONENT

Last Eight Fiscal Years

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 18,225,583	\$ 19,932,022	\$ 13,853,185	\$ 22,552,941	\$ 6,996,862	\$ 19,318,796	\$ 17,052,139	\$ 15,202,028
Restricted	5,098,898	9,774,983	15,103,727	5,186,616	9,831,370	3,226,818	3,435,037	4,560,151
Unrestricted (Deficit)	46,936,410	42,002,215	44,736,617	44,733,314	53,630,677	47,616,459	50,208,504	53,878,686
Total Governmental Activities Net Assets	<u>\$ 70,260,891</u>	<u>\$ 71,709,220</u>	<u>\$ 73,693,529</u>	<u>\$ 72,472,871</u>	<u>\$ 70,458,909</u>	<u>\$ 70,162,073</u>	<u>\$ 70,695,680</u>	<u>\$ 73,640,865</u>
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 4,492,127	\$ 4,105,739	\$ 4,147,236	\$ 4,181,370	\$ 4,134,183	\$ 4,092,058	\$ 4,211,555	\$ 4,164,445
Restricted	-	-	-	-	-	-	-	-
Unrestricted (Deficit)	(464,130)	(69,875)	(116,091)	(90,552)	(131,796)	(142,807)	(50,001)	424,200
Total Business-Type Activities Net Assets	<u>\$ 4,027,997</u>	<u>\$ 4,035,864</u>	<u>\$ 4,031,145</u>	<u>\$ 4,090,818</u>	<u>\$ 4,002,387</u>	<u>\$ 3,949,251</u>	<u>\$ 4,161,554</u>	<u>\$ 4,588,645</u>
Primary Government								
Invested in Capital Assets, Net of Related Debt	\$ 22,717,710	\$ 23,537,761	\$ 18,000,421	\$ 26,734,311	\$ 11,131,045	\$ 23,410,854	\$ 21,263,694	\$ 19,366,473
Restricted	5,098,898	9,774,983	15,103,727	5,186,616	9,831,370	3,226,818	3,435,037	4,560,151
Unrestricted (Deficit)	46,472,280	41,932,340	44,620,526	44,642,762	53,498,881	47,473,652	50,158,503	54,302,886
Total Primary Government Net Assets	<u>\$ 74,288,888</u>	<u>\$ 75,245,084</u>	<u>\$ 77,724,674</u>	<u>\$ 76,563,689</u>	<u>\$ 74,461,296</u>	<u>\$ 74,111,324</u>	<u>\$ 74,857,234</u>	<u>\$ 78,229,510</u>

Source: Middletown Township Financial Statements

MIDDLETOWN TOWNSHIP

CHANGES IN NET ASSETS

Last Eight Fiscal Years

Expenses	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
General Government	\$ 2,023,182	\$ 1,895,527	\$ 2,477,349	\$ 2,436,600	\$ 2,742,439	\$ 2,335,557	\$ 2,127,835	\$ 2,221,228
Public Safety	12,218,168	12,190,862	10,354,328	10,531,545	10,128,030	9,377,597	8,702,906	8,561,957
Public Works	6,719,377	6,615,980	5,733,310	5,804,239	5,629,525	5,414,221	5,157,621	4,107,650
Parks and Recreation	1,825,931	1,402,496	1,231,572	1,439,713	1,450,437	1,204,899	1,123,684	1,231,208
Miscellaneous	672,637	695,397	763,240	742,180	889,862	859,733	657,217	422,320
Capital Outlay/Development	-	-	-	-	-	-	159,960	180,901
Interest on Long-Term Debt	1,168,279	1,365,635	1,048,713	1,037,432	972,446	857,813	1,544,589	970,250
Unallocated Deprecation Expense	1,455,222	1,433,205	1,439,857	1,396,024	1,286,762	990,810	859,949	822,333
Total Governmental Activities Expense	26,082,796	25,599,102	23,048,369	23,387,733	23,099,501	21,040,630	20,333,761	18,517,847
Business-Type Activities								
Proprietary Funds (combined)						-	156,484	266,818
Country Club	138,830	155,435	179,165	182,254	188,371	182,630	-	-
Farm Fund	36,469	11,853	29,815	20,007	20,046	22,375	-	-
Total Business-Type Activities Expenses	175,308	167,288	208,980	202,261	208,417	205,005	156,484	266,818
Total Primary Government Expenses	\$ 26,258,104	\$ 25,766,390	\$ 23,257,349	\$ 23,589,994	\$ 23,307,918	\$ 21,245,635	\$ 20,490,245	\$ 18,784,665
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	\$ 1,017,264	\$ 1,003,736	\$ 1,945,023	\$ 1,730,396	\$ 5,512,149	\$ 5,216,448	\$ 4,259,419	\$ 3,893,747
Public Safety	1,678,755	1,403,982	916,340	707,009	1,013,401	883,905	787,282	958,333
Public Works	4,451,210	4,483,431	3,861,084	3,726,137	6,659	32,559	11,066	4,788
Parks and Recreation	252,855	242,338	229,942	230,336	199,872	178,112	160,163	143,431
Operating Grants and Contributions	2,192,687	2,054,509	2,218,492	2,172,304	2,454,442	3,661,481	2,284,066	5,351,253
Total Governmental Activities Program Revs.	9,592,771	9,187,996	9,170,881	8,566,182	9,186,523	9,972,505	7,501,996	10,351,552
Business-Type Activities								
Charges for Services:								
Proprietary Funds (combined)						-	334,823	219,722
Country Club	147,000	147,000	154,049	236,265	248,622	225,565	-	-
Farm Fund	35,000	35,000	35,000	35,000	35,000	35,000	-	-
Operating Grants and Contributions	-	-	-	-	-	-	(21,942)	897,015
Total Business-Type Activities Program Revs.	182,000	182,000	189,049	271,265	283,622	260,565	312,881	1,116,737
Total Primary Government Program Revenues	\$ 9,774,771	\$ 9,369,996	\$ 9,359,930	\$ 8,837,447	\$ 9,470,145	\$ 10,233,070	\$ 7,814,877	\$ 11,468,289
Net (Expense)/Revenue								
Governmental Activities:	\$ (16,490,025)	\$ (16,411,106)	\$ (13,877,488)	\$ (14,821,551)	\$ (13,912,978)	\$ (11,068,125)	\$ (12,831,765)	\$ (8,166,295)
Business-Type Activities	6,692	14,713	(19,931)	69,004	75,205	55,560	156,397	849,919
Total Primary Government Net Expense	\$ (16,483,333)	\$ (16,396,393)	\$ (13,897,419)	\$ (14,752,547)	\$ (13,837,773)	\$ (11,012,565)	\$ (12,675,368)	\$ (7,316,376)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes	\$ 9,246,523	\$ 8,602,678	\$ 7,892,013	\$ 7,095,159	\$ 5,882,089	\$ 5,013,201	\$ 4,880,056	\$ 4,859,991
Other Taxes	4,419,632	4,001,136	4,713,317	5,082,209	5,109,646	3,914,290	3,581,803	3,385,233
Investment Income	1,168,697	488,609	2,419,102	2,626,401	2,870,316	1,611,271	980,798	826,983
Miscellaneous	7,285	97,677	29,439	1,848,864	318,381	(329,725)	(526,975)	192,565
Special item-Capital assets from Private Purpose Trust	680,196	613,127	-	-	-	-	-	-
Transfers, net	19,363	123,576	44,275	31,435	29,382	276,983	439,900	485,435
Proceeds from Debt Restructuring	-	-	-	-	-	-	530,998	-
Total Governmental Activities	15,541,696	13,925,797	15,098,146	16,684,068	14,209,814	10,486,020	9,886,580	9,750,207
Business-Type Activities:								
Investment Income	4,804	9,369	4,533	9,271	7,313	9,120	-	-
Transfers, net	(19,363)	(19,363)	(44,275)	(31,435)	(29,382)	(276,983)	(583,488)	(667,671)
Total Business-Type Activities	(14,559)	(9,994)	(39,742)	(22,164)	(22,069)	(267,863)	(583,488)	(667,671)
Total Primary Government General Revenues and Other	\$ 15,527,137	\$ 13,916,803	\$ 15,058,404	\$ 16,661,904	\$ 14,187,745	\$ 10,218,157	\$ 9,303,092	\$ 9,082,536
Change in Net Assets								
Governmental Activities	\$ (948,329)	\$ (2,484,309)	\$ 1,220,658	\$ 1,862,517	\$ 296,836	\$ (582,105)	\$ (2,945,185)	\$ 1,583,912
Business-Type Activities	(7,867)	4,719	(59,673)	46,840	53,136	(212,303)	(427,091)	182,248
Total Primary Government Change in Net Assets	\$ (956,196)	\$ (2,479,590)	\$ 1,160,985	\$ 1,909,357	\$ 349,972	\$ (794,408)	\$ (3,372,276)	\$ 1,766,160

Source: Middletown Township Financial Statements

MIDDLETOWN TOWNSHIP

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years

	2010	2009	2008	2007	Fiscal Year 2006	2005	2004	2003
General Fund								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,065,794	768,709	1,621,983	1,886,762	2,133,463	1,739,957	1,401,762	3,447,023
Total General Fund	<u>\$ 2,065,794</u>	<u>\$ 768,709</u>	<u>\$ 1,621,983</u>	<u>\$ 1,886,762</u>	<u>\$ 2,133,463</u>	<u>\$ 1,739,957</u>	<u>\$ 1,401,762</u>	<u>\$ 3,447,023</u>
All Other Governmental Funds								
Reserved	\$ 1,912,720	\$ 2,040,292	\$ 7,679,482	\$ 2,254,030	\$ 2,383,381	\$ 2,417,204	\$ 2,192,914	\$ 2,467,855
Unreserved, reported in:								
Special Revenue Funds	1,393,632	1,433,418	1,057,201	1,057,203	1,269,890	1,012,340	1,043,992	887,934
Capital Project Funds	46,612,927	50,165,700	51,745,306	51,204,947	51,182,443	45,600,846	48,182,642	49,697,169
Total all Other Governmental Funds	<u>\$ 49,919,279</u>	<u>\$ 53,639,410</u>	<u>\$ 60,481,989</u>	<u>\$ 54,516,180</u>	<u>\$ 54,835,714</u>	<u>\$ 49,030,390</u>	<u>\$ 51,419,548</u>	<u>\$ 53,052,958</u>
Total Governmental Funds	<u>\$ 51,985,073</u>	<u>\$ 54,408,119</u>	<u>\$ 62,103,972</u>	<u>\$ 56,402,942</u>	<u>\$ 56,969,177</u>	<u>\$ 50,770,347</u>	<u>\$ 52,821,310</u>	<u>\$ 56,499,981</u>

Source: Middletown Township Financial Statements

MIDDLETOWN TOWNSHIP

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Revenues								
Taxes	\$ 13,701,196	\$ 12,376,900	\$ 12,485,790	\$ 11,939,159	\$ 10,837,542	\$ 9,022,988	\$ 8,537,935	\$ 8,254,338
Licenses and Permits	1,076,871	1,104,066	1,232,017	1,226,708	1,065,459	871,321	728,097	775,757
Fines and Forfeits	227,958	206,120	218,243	204,530	191,205	168,544	170,486	166,602
Interest and Rents	764,214	1,376,938	2,470,867	2,636,968	2,880,943	1,624,536	1,177,421	982,465
Intergovernmental Revenues	2,369,267	1,881,926	2,034,827	1,858,751	2,087,531	2,842,287	1,899,740	3,976,286
Charges for Services	6,093,799	5,802,550	5,558,483	5,178,180	5,324,263	4,828,022	3,908,282	3,710,553
Special Assessment	1,456	610	1,995	13,300	246,766	420,033	402,059	336,906
Contribution Private Source	145,253	144,678	181,665	311,553	365,661	797,259	372,764	1,365,888
Gain/(Loss) on Investments	404,483	(890,769)	2,419,102	1,791,035	257,858	(378,688)	(549,030)	(325,790)
Miscellaneous Revenues	3,658	103,680	13,208	21,829	36,731	64,431	16,408	193,322
Total Revenues	24,788,155	22,106,699	26,616,197	25,182,013	23,293,959	20,260,733	16,664,162	19,436,327
Expenditures								
General Government	1,770,342	1,643,678	2,477,349	2,222,705	5,754,868	2,637,074	2,691,037	2,209,267
Public Safety	11,095,416	11,147,885	10,333,884	10,185,597	9,964,353	9,289,930	8,735,349	8,446,966
Public Works	6,403,942	6,296,113	5,733,310	5,584,836	5,359,786	5,502,477	6,033,382	4,496,123
Parks and Recreation	1,614,937	1,241,482	1,231,572	1,308,995	2,291,955	2,472,278	1,244,146	1,386,758
Miscellaneous Expenditures	672,637	695,397	763,240	742,180	889,862	877,513	657,217	466,004
Capital Outlay/Development	2,226,965	6,081,833	7,318,891	3,122,175	682,097	358,058	398,832	836,968
Debt Service								
Principal	2,004,214	1,632,251	1,684,566	1,691,971	1,308,620	1,036,238	1,023,551	991,650
Interest	1,090,249	1,223,019	1,067,171	981,799	786,680	580,476	705,203	953,390
Other Charges	25,706	21,829	25,602	36,920	21,790	-	-	-
Total Expenditures	26,904,408	29,983,487	30,635,585	25,877,178	27,060,011	22,754,044	21,488,717	19,787,126
Excess of Revenues Over (Under) Expenditures	(2,116,253)	(7,876,788)	(4,019,388)	(695,165)	(3,766,052)	(2,493,311)	(4,824,555)	(350,799)
Other Financing Sources (Uses)								
Issuance of Refunding Bonds	5,620,000	7,830,000	10,000,000	-	10,000,000	8,325,000	10,000,000	-
Premium on Bond Issuance	-	78,123	-	-	-	34,926	-	-
Discount on Bond Issuance	-	-	-	-	(64,500)	-	(26,914)	-
Payment to Refunded Bonds Escrow Agent	(5,557,439)	(7,750,000)	-	-	-	(8,214,931)	(9,798,100)	-
Proceeds from Debt Restructuring	-	-	-	-	-	-	530,998	-
Bond Refinancing Expenses	(62,561)	(119,953)	-	-	-	-	-	-
Sale of Capital Assets	3,627	19,189	-	5,000	-	-	-	-
Transfers In	2,949,063	2,063,276	1,945,176	1,864,739	2,672,270	3,047,336	2,949,553	3,210,165
Transfers Out	(3,259,483)	(1,939,700)	(2,224,758)	(1,818,948)	(2,642,888)	(2,986,410)	(2,509,653)	(2,724,730)
Total Other Financing Sources (Uses)	(306,793)	180,935	9,720,418	50,791	9,964,882	205,921	1,145,884	485,435
Prior Period Adjustment	-	-	-	-	-	236,427	-	(41,480)
Transfer from Proprietary Funds	-	-	-	-	-	-	-	40,357,032
Net Change in Fund Balances	\$ (2,423,046)	\$ (7,695,853)	\$ 5,701,030	\$ (644,374)	\$ 6,198,830	\$ (2,050,963)	\$ (3,678,671)	\$ 40,450,188
Debt Service as a Percentage of Non Capital Expenditures	12.66%	12.03%	11.87%	11.92%	10.21%	8.19%	8.87%	11.09%

Source: Middletown Township Financial Statements

MIDDLETOWN TOWNSHIP

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Eight 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 Assessed Value to Total Estimated Actual Value (3)	Middletown Township Municipal Millage Rate
2010	\$ 614,395,910	\$ 85,180,440	\$ 529,215,470	\$ 6,700,064,449	9.17%	17.57
2009	615,053,590	84,830,980	530,222,610	5,965,602,231	10.31%	15.84
2008	615,237,130	78,259,220	536,977,910	6,342,650,825	9.70%	14.84
2007	610,692,980	78,265,220	532,427,760	5,556,806,005	10.99%	13.34
2006	607,024,880	77,366,970	529,657,910	6,010,147,327	10.10%	11.28
2005 (2)	603,913,360	76,965,320	526,948,040	6,762,747,592	8.93%	9.78
2004	149,095,580	19,205,750	129,889,830	5,324,842,143	2.80%	37.17
2003	146,330,185	18,646,060	127,684,125	4,720,328,548	3.10%	37.41

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) 2005 is the first year to reflect Bucks County's change in the ratio of assessed value to fair market value (from 25% to 100%).

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

MIDDLETOWN TOWNSHIP**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

Last Eight Fiscal Years
(rate per \$1,000 of assessed value)

Year	Middletown Township			Overlapping Rates		Total Direct & Overlapping Rates
	Middletown Township Municipality Operating Millage	Middletown Township Municipality Debt Service Millage	Total Middletown Township Millage	County Bucks County Total Millage	School District Neshaminy School District Total Millage	
2010	11.57	6.00	17.57	21.94211	152.00	191.51211
2009	11.46	4.38	15.84	21.94211	152.00	189.78211
2008	11.46	3.38	14.84	21.94211	148.60	185.38211
2007	9.73	3.61	13.34	21.94211	148.60	183.88211
2006	8.67	2.61	11.28	21.94211	137.40	170.62211
2005 (1)	7.53	2.25	9.78	20.4875	133.90	164.1675
2004	29.28	7.89	37.17	74.50	500.60	612.2700
2003	27.52	9.89	37.41	65.00	471.80	574.2100

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

Sources:

Middletown Township Schedule of Real Estate Taxes, Fees, and Assessments

Bucks County Board of Assessments

Neshaminy School District

(1) 2005 is the first year to reflect Bucks County's change in the ratio of assessed value to fair market value (from 25% to 100%).

MIDDLETOWN TOWNSHIP

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Type of Business	December 31, 2010			December 31, 2000 (5)		
		Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (2)	Taxable Assessed Value (3)	Rank	Percentage of Total Assessed Valuation (4)
McStome, Inc. (Kravco)	Commercial Development	\$ 21,042,460	1	3.98%	\$ 6,623,470	1	5.34%
Home Properties	Real Estate Investment	5,210,560	2	0.98%	824,250	7	0.66%
800 (Eight) Trenton Assoc	Apartment Complex	4,368,800	3	0.83%	1,092,200	2	0.88%
Jefferson Woods	Residential Community	4,157,100	4	0.54%	-		
Reedman Toll	Auto Dealership	3,381,520	5	0.64%	676,230	10	0.55%
Shoppes at Flowers Mills	Shopping Center	3,227,200	6	0.61%	866,560	6	0.70%
Attleboro Associates	Retirement & Assisted Living	2,861,160	7	0.54%	715,290	9	0.58%
Guttman & Reider	Real Estate Investment	2,310,080	8	0.44%	-		
Oxford Investor LLC	Builders & Contractors	2,104,480	9	0.40%	-		
Summit Trace LP	Apartment Complex	2,029,280	10	0.38%	-		
Pennswood Village	Retirement Community	-		-	972,370	3	0.78%
Liberty Properties LTD	Real Estate Development	-		-	925,570	4	0.75%
Bucks County Ind. Devel. Corp.	Commercial Development	-		-	925,150	5	0.75%
Brandywine Operating Prtnrs	Commercial Development	-		-	745,460	8	0.60%

Please note: when comparing data between the displayed periods, Bucks County changed the ratio of assessed value to fair market value (25% to 100%) in 2005.

(1) Information supplied by Ray Chapman, Middletown Township Tax Collector

(2) Information derived from Bucks County, PA Real Estate Assessment Roll; Total Taxable Assessed Valuation is \$529,215,470

(3) Information supplied by R.H. Saunders, Middletown Township Tax Collector

(4) Information derived from Bucks County, PA Real Estate Assessment Roll; Total Taxable Assessed Valuation is \$123,970,025

(5) Data for the period ended December 31, 2001 is not available.

MIDDLETOWN TOWNSHIP
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Eight Fiscal Years

Year	Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Delinquent/Liened Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 9,298,317	\$ 9,242,131	99.40%	\$ 144,972	\$ 9,387,103	100.95%
2009	8,398,728	8,345,082	99.36%	113,703	8,458,785	100.72%
2008	7,856,901	7,773,093	98.93%	140,413	7,913,506	100.72%
2007	7,102,588	7,051,583	99.28%	110,495	7,162,078	100.84%
2006	5,962,587	5,787,207	97.06%	105,714	5,892,921	98.83%
2005	5,142,063	5,065,251	98.51%	90,991	5,156,242	100.28%
2004	4,817,656	4,808,045	99.80%	198,893	5,006,938	103.93%
2003	4,776,934	4,722,660	98.86%	185,885	4,908,545	102.76%

Source: Middletown Township Tax Receipt Records

MIDDLETOWN TOWNSHIP
LEGAL DEBT MARGIN INFORMATION

Last Eight Fiscal Years

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$ 61,439,591	\$ 61,505,359	\$ 61,523,713	\$ 61,069,298	\$ 60,702,488	\$ 60,391,336	\$ 59,638,232	\$ 58,532,076
Total Net Debt Applicable to Limit	29,526,031	31,396,921	33,161,341	24,613,190	26,156,085	17,649,913	18,194,913	18,050,841
Legal Debt Margin	<u>\$ 31,913,560</u>	<u>\$ 30,108,438</u>	<u>\$ 28,362,372</u>	<u>\$ 36,456,108</u>	<u>\$ 34,546,403</u>	<u>\$ 42,741,423</u>	<u>\$ 41,443,319</u>	<u>\$ 40,481,235</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.06%	51.05%	53.90%	40.30%	43.09%	29.23%	30.51%	30.84%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 529,215,470
Add back: exempt real property	85,180,440
Total assessed value	<u>\$ 614,395,910</u>
Debt limit (10% of total assessed value)	\$ 61,439,591
Debt applicable to limit:	
General obligation bonds	29,930,000
Less: Amount set aside for repayment of general obligation debt	<u>(403,969)</u>
Total net debt applicable to limit	<u>29,526,031</u>
Legal debt margin	<u>\$ 31,913,560</u>

Note: Under state finance law, Middletown Township's outstanding general obligation debt should not exceed 10 percent 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.

MIDDLETOWN TOWNSHIP

RATIOS OF OUTSTANDING DEBT BY TYPE

Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Term Loan	Term Loan				
2010	\$ 29,930,000	\$ 298,761	\$ 411,215	\$ 30,639,976	1.92%	\$ 654	
2009	31,820,000	322,975	467,436	32,610,411	2.77%	698	
2008	33,345,000	350,226	520,390	34,215,616	2.90%	730	
2007	24,980,000	399,792	570,268	25,950,060	2.18%	549	
2006	26,560,000	506,432	617,241	27,683,673	2.31%	583	
2005	17,765,000	609,811	661,492	19,036,303	1.63%	410	
2004	18,310,000	711,593	703,181	19,724,774	1.64%	414	
2003	18,165,000	809,970	742,442	19,717,412	1.70%	428	

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

(1) See Schedule 13 for personal income and population data.

MIDDLETOWN TOWNSHIP

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Eight Fiscal Years

Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund (1)	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2010	\$ 29,930,000	\$ 403,969	\$ 29,526,031	0.44%	\$ 630
2009	31,820,000	423,079	31,396,921	0.53%	672
2008	33,345,000	183,659	33,161,341	0.52%	708
2007	24,980,000	366,810	24,613,190	0.44%	521
2006	26,560,000	403,915	26,156,085	0.44%	551
2005	17,765,000	115,087	17,649,913	0.26%	380
2004	18,310,000	115,087	18,194,913	0.34%	382
2003	18,165,000	114,159	18,050,841	0.38%	392

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

(1) Externally restricted for repayment of debt principal.

(2) See Schedule 5 for estimated actual values of real property.

(3) See Schedule 13 for population data.

MIDDLETOWN TOWNSHIP

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

December 31, 2010

Government Unit	Gross Outstanding Debt	Percentage Applicable to Middletown Township	Amount Applicable to Middletown Township	Total Overlapping Debt
Township of Middletown (1)	\$ 29,930,000	100.00%	\$ 29,930,000	\$ -
Neshaminy School District (2)	115,320,006	67.51%	77,852,536	77,852,536
Bucks County (3)	<u>211,998,000</u>	6.62% (4)	<u>14,034,268</u>	<u>14,034,268</u>
Total	<u>\$ 357,248,006</u>		<u>\$ 121,816,804</u>	<u>\$ 91,886,804</u>

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) Middletown Township Financial Records
- (2) Neshaminy School District
- (3) Bucks County Finance Office

(4) Proportion share of Bucks County's existing debt as of December 31, 2010 based on ratio of Middletown Township's assessed valuation (see Table 5) to Bucks County's 2010 assessed valuation of \$7,989,841,810 (source: Bucks County Board of Assessments).

MIDDLETOWN TOWNSHIP

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Eight Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2010	46,882	\$ 1,596,332	\$ 34,050	42.3	8,802	8.30%
2009	46,693	\$ 1,177,271	\$ 25,213	37.8	8,658	7.70%
2008	46,868	1,181,683	25,213	37.8	8,839	5.30%
2007	47,259	1,191,541	25,213	37.8	8,994	3.40%
2006	47,448	1,196,306	25,213	37.8	9,214	3.80%
2005	46,390	1,169,631	25,213	37.8	9,289	3.80%
2004	47,621	1,200,668	25,213	37.8	9,409	4.60%
2003	46,091	1,162,092	25,213	37.8	9,581	4.00%

Sources:

(1) 2005-2009 American Community Survey; 2010 Census data not yet available

(2) 2005-2009 American Community Survey; 2010 Census data not yet available

(3) Neshaminy School District

(4) Pennsylvania Department of Labor & Industry, Center for Workforce Information and Analysis

MIDDLETOWN TOWNSHIP

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer (1)	Type of Business	December 31, 2010			December 31, 2000 (4)		
		Employees	Rank	Percentage of Total Township Employment (2)	Employees	Rank	Percentage of Total Township Employment (3)
St Mary Medical Center	Healthcare	2,456	1	9.37%	1,767	3	N/A
Woods Services	Education	1,698	2	6.48%	1,908	1	
Busch Entertainment Corp.	Entertainment/Theme Park	1,650	3	6.30%	1,067	5	N/A
Neshaminy School District	Education	1,382	4	5.27%	1,793	2	N/A
Sykes Acquisition LLC	Communication Services	836	5	3.19%	1,709	4	N/A
Pennswood Village Inc.	Retirement Community	419	6	1.60%			N/A
Target Corporation	Retail	349	7	1.07%			
Reedman-Toll Autoworld	Retail/Automotive	328	8	1.25%			N/A
Macy's Retail Holding Inc.	Retail	280	9	1.07%	700	7	
Eldercare Resources Corp	Healthcare	278	10	1.06%			
Harte Hanks Communication	Communication Services	-		-	885	6	N/A
Lenox Inc.	Retail	-		-	533	8	N/A
National Business Service	Financial Services	-		-	502	9	N/A
Northern Health Facilities	Healthcare				474	10	
Total		9,676		36.93%	11,338		

(1) Information provided by Berkheimer Tax Administrator (administrator and collector of Pennsylvania Act 511 taxes).

(2) Information derived from Commonwealth of PA, Department of Labor & Industry; Total Middletown Twp. Civilian Labor Force is 26,200.

(3) Middletown Twp Civilian Labor Force is not available for 2000.

(4) Data for the period ended December 31, 2001 is not available.

MIDDLETOWN TOWNSHIP

FULL TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM

Last Eight Fiscal Years

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General Government								
Administration	2	2.0	2.0	3.0	3.0	4.5	4.5	4.5
Finance	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.5
Personnel	1	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Police								
Police Officers	52	52.0	53.0	53.0	52.0	53.0	54.0	54.0
Police Civilians (1)	16	16.0	16.0	16.0	16.0	16.0	17.5	17.5
Public Works								
Administration	3.5	3.5	3.5	3.5	3.5	3.5	2.5	3.5
Maintenance/Labor	13	13.0	13.0	13.0	12.0	11.0	15.0	19.0
Summer/Seasonal	6	6.0	4.0	4.0	4.0	4.0	3.0	2.5
Community Services								
Administration	1	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Information Coordinator	1	1.0	1.0	1.0	1.0			
Custodial/Labor (2)	0.5	0.5	2.0	2.0	2.0	2.0	2.0	1.5
Emergency Services								
Officers/Inspectors	3.5	3.5	3.5	3.5	3.5	2.5	3.5	3.5
Administration	1	1.0	1.5	1.5	1.5	1.0	1.5	2.0
Parks & Recreation								
Administration	3	4.0	4.0	3.5	3.5	3.0	2.5	2.5
Equipment Operation/Labor	4	3.0	3.0	3.0	3.0	3.0	3.0	-
Summer Rec/Seasonal	22	22.0	22.0	22.0	22.0	21.5	21.0	21.0
Skate Park	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Misc Program Facilitators	5.5	5.5	5.5	5.5	5.5	5.5	7.0	6.5
Licenses & Inspections	5.5	5.5	5.5	5.5	5.5	7.0	9.0	9.0
Totals	<u>148.5</u>	<u>148.5</u>	<u>150.5</u>	<u>151.0</u>	<u>149.0</u>	<u>148.5</u>	<u>158.0</u>	<u>160.0</u>

Source: Middletown Township Budget Document

Method: Using 1.0 for each full-time employee, and .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

MIDDLETOWN TOWNSHIP
OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Eight Fiscal Years

Function/Program	2010	2009	2008	2007	Fiscal Year 2006	2005	2004	2003
General Government (1)								
Building Inspections Conducted	2,672	2,818	2,922	2,850	3,121	2,988	3,281	3,041
Plumbing Inspections Conducted	484	668	700	494	679	969	1,078	1,225
Building Permits Issued	853	795	924	793	987	941	2,034	1,266
Plumbing Permits Issued	233	235	286	250	257	344	364	460
Electrical Permits Issued	324	260	364	354	433	452	568	758
Residential Value of Construction/Issued Permits	\$ 12,819,482	\$ 10,655,114	\$ 23,051,941	\$ 11,160,481	\$ 16,568,803	\$ 12,722,066	\$ 16,279,216	\$ 23,078,871
Commercial Value of Construction/Issued Permits	\$ 31,916,655	\$ 7,902,476	\$ 29,882,882	\$ 43,828,263	\$ 151,193,962	\$ 58,218,296	\$ 13,099,612	\$ 14,545,515
Police (2)								
Criminal Arrests	776	1,538	1,857	1,900	1,644	1,457	1,445	1,472
Traffic Citations	2,632	2,377	4,168	4,806	4,597	3,621	4,033	4,611
Accident Reports	1,856	2,075	1,971	2,055	2,009	2,109	2,046	2,205
Parking Violations	95	122	115	121	156	221	197	178
Animal Control Cases Investigated	626	446	631	721	764	803	368	462
Animal Control Warnings Issued	37	27	34	42	53	46	45	38
Animal Control Prosecutions Instituted	30	25	10	27	33	64	40	51
Parks & Recreation (3)								
Recreation Program Participants	8,751	7,650	8,427	7,319	7,800	7,376	5,500	5,487
Program Sessions Offered	392	394	356	357	311	296	183	164
Public Works (4)								
Roads Resurfaced (linear feet) by DPW	-	1,468	-	5,755	134	5,037	10,582	10,828
Number of Trees Removed/Trimmed	131	88	81	98	137	85	63	86
Number of Signs Repaired/Installed	99	163	167	306	224	175	112	84
Number of Drainage/Storm Drains Unclogged	22	90	80	110	105	75	77	87
Number of Repaired Potholes	570	644	265	391	375	380	388	207
Number of Repaired Sinkholes	38	35	64	98	55	75	68	59
Emergency Services (5)								
Total Estimated Emergency Fire Calls	1,850	1,902	992	997	1,178	1,093	1,815	N/A
Residential Fires	17	11	39	46	50	35	37	N/A
Business/Industrial Fires	3	2	1	12	31	22	21	N/A
Fire Investigations Conducted	214	309	275	291	40	35	236	N/A
Hazardous Materials/Petroleum Spill Calls	54	7	97	93	17	17	13	N/A
Mechanical Inspections Conducted	197	164	181	386	478	451	652	N/A
Fire Safety Inspections Conducted	1,570	1,508	1,412	1,322	1,525	1,159	1,000	N/A

Sources:

- (1) Middletown Township Licenses & Inspections Department
- (2) Middletown Township Police Department
- (3) Middletown Township Park & Recreation Department
- (4) Middletown Township Department of Public Works
- (5) Middletown Township Fire Marshal Office

N/A Information not available

MIDDLETOWN TOWNSHIP
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Eight Fiscal Years

Function/Program	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General Government (1)								
Square Footage Occupied	56,122.00	56,122.00	56,122.00	56,122.00	56,122.00	56,122.00	56,122.00	56,122.00
Inspection Vehicles	2	2	2	2	2	2	2	2
Other Departmental Vehicles	1	1	1	1	1	1	1	1
Police (2)								
Stations	1	1	1	1	1	1	1	1
Patrol Units	50	50	50	50	50	50	48	43
Trained Canines	3	4	4	4	4	4	4	4
Parks & Recreation (3)								
Number of Recreation Facilities	19.0	19.0	18.0	18.0	18.0	18.0	18.0	18.0
Acreage of Park Land	141.5	141.5	136.5	136.5	136.5	136.5	136.5	136.5
Acreage of Greenbelts/Open Space	518.0	518.0	523.0	523.0	523.0	523.0	523.0	523.0
Public Works (4)								
Municipal Street (lane miles)	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
Public Service Vehicles	24	24	24	23	23	23	23	23
Off-road Equipment	7	7	7	7	7	7	6	6
Office Garage Complex	2	1	1	1	1	1	1	1
Salt Storage Buildings	1	1	1	1	1	1	1	1
Emergency Services (5)								
Fire Stations	9	9	8	8	8	5	5	5
Vehicle Units	28	28	25	25	25	25	24	24

Source:

- (1) Middletown Township Licenses & Inspections Department
- (2) Middletown Township Police Department
- (3) Middletown Township Park & Recreation Department
- (4) Middletown Township Department of Public Works
- (5) Middletown Township Fire Marshal Office