

TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended December 31, 2015

**TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2015

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

Dennis M. Penko, CPA, CGMA
Director of Finance

TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i
Organizational Chart	ii
List of Elected and Appointed Officials	iii
Map of Bucks County, Pennsylvania.....	iv
Certificate of Achievement for Excellence in Financial Reporting.....	v

FINANCIAL SECTION

Independent Auditors' Report.....	3-4
Management's Discussion and Analysis	5-20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	22-23
Statement of Activities.....	24-25
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	26-27
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	29-30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Investment Fund	33
Statement of Net Position - Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	35
Statement of Cash Flows - Proprietary Funds	36
Statement of Fiduciary Net Position - Fiduciary Funds.....	37
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	38
Notes to Financial Statements	39-80

Required Supplementary Information:

Schedule of Changes in the Net Pension Liability and Related Ratios - Police Pension Plan	82
Schedule of Contributions - Police Pension Plan	83-84
Schedule of Changes in the Net Pension Liability and Related Ratios - Non-Uniform Pension Plan	85
Schedule of Contributions - Non Uniform Pension Plan.....	86-87
Schedule of Investment Returns	88
Schedule of Funding Progress - Other Post Employment Benefits	89
Notes to Supplementary Schedules.....	90

Combining and Individual Fund Statements and Schedules:

Major Governmental Funds	92
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Development Fund	93
Budget and Actual - Capital Reserve Fund.....	94
Budget and Actual - Debt Service Fund	95
Non-Major Governmental Funds.....	96-97
Combining Balance Sheet - Nonmajor Governmental Funds.....	98-99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	100-101
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Street Lighting Fund	102
Budget and Actual - Fire Protection Fund	103
Budget and Actual - Park and Recreation Fund.....	104
Budget and Actual - Ambulance and Rescue Fund	105
Budget and Actual - Road Machinery Fund	106
Budget and Actual - Fire Hydrant Fund	107
Budget and Actual - Police Forfeiture Fund	108
Budget and Actual - State Highway Aid Fund	109
Budget and Actual - General Obligation Bond Issue Fund	110
Budget and Actual - Contingency Fund.....	111
Proprietary Funds.....	112
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Country Club Fund	113
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Farm Fund	114
Fiduciary Funds.....	115
Combining Statement of Net Position - Fiduciary Funds.....	116
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Fiduciary Funds	117
Statement of Changes in Assets and Liabilities - Township Escrow Funds.....	118

STATISTICAL SECTION

Statistical Section Contents	120
Net Position by Component.....	121-122
Changes in Net Position.....	123-124
Fund Balances of Governmental Funds.....	125-126
Changes in Fund Balances of Governmental Funds.....	127-128
Tax Revenues by Source, Governmental Funds.....	129-130
Assessed and Estimated Actual Value of Taxable Property.....	131
Property Tax Rates - Direct and Overlapping Governments.....	132
Property Taxpayers.....	133
Property Tax Levies and Collections.....	134
Legal Debt Margin Information	135-136
Ratios of Outstanding Debt by Type.....	137
Ratios of Net General Bonded Debt Outstanding.....	138
Computation of Direct and Overlapping Bonded Debt.....	139
Demographic and Economic Statistics.....	140
Principal Employers	141
Full-Time Equivalent Municipal Employees by Function/Program.....	142
Operating Indicators by Function/Program.....	143-144
Capital Asset Statistics by Function/Program.....	145-146

INTRODUCTORY SECTION



Township of Middletown

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Stephanie Teoli Kuhls, Township Manager

Board of Supervisors

Pat Mallon, Chairperson
H. George Leonhauser, Vice Chairperson
Drew Kreiling, Secretary
Thomas Gallagher
William Oettinger

June 17, 2016

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

The Comprehensive Annual Financial Report of the Township of Middletown, County of Bucks, Commonwealth of Pennsylvania, for the year ended December 31, 2015 is hereby submitted.

This report was prepared by the Township's Finance Department in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by Bee Bergvall & Co., Certified Public Accountants. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Township's management staff. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Township. All disclosures necessary to enable the reader to gain an understanding of the Township's financial activities have been included.

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

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

Financial Entity

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

General Information

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

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

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

The Middletown Township Police Department is a full service law enforcement agency, providing comprehensive policing services to our community. It has adopted the concept of community policing with emphasis on problem oriented policing. The Department works in partnership with the community addressing all issues affecting our residents and businesses. In partnership with the Oxford Valley Mall, the department has opened and maintains a substation at the mall. The Department also provides police protection for Sesame Place during their months of operation. The Department received accreditation under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission in December 2008, December 2011, and December 2015. This accreditation, which is renewed every three years, requires the Department to meet one hundred thirty-one (131) professional standards. Out of approximately 1,100 departments in Pennsylvania, Middletown was the 61st to achieve accreditation. Only about 100 of the 1,100 police departments in Pennsylvania have achieved this accreditation. Currently the Police Department has fifty-one (54) police officers, along with six (6) full time and nineteen (15) part time non-sworn personnel (Crossing Guards). The Police Department is divided into two divisions - Patrol and Criminal Investigation. The Department has several special units which include K-9 Unit, Accident Investigation Unit, Range Officer, and Evidence/Court Coordinator.

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

Economic Conditions and Outlook

The Township of Middletown's growth is due largely to its position in the center of Lower Bucks County at the intersection of several major interstate highways and in close proximity to the Pennsylvania Turnpike. Significant commercial development began in the early 1970's with construction of the Oxford Valley Mall, a major regional shopping center. Sesame Place, a World of Discovery park, and the nation's only theme park based entirely on the award-winning television show, Sesame Street, commenced operations in 1980 and is the largest tourist attraction in Bucks County. The rapid commercial and residential development of the Township is reflected in the growth of assessed value of real estate over the past thirty-nine (39) years. While potential for future residential, commercial and industrial development exists, the peak growth trend for the Township has ended.

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

Current Year

The Township staff continues to seek means to enhance revenue and reduce costs. Efforts for revenue enhancement include: seeking and receiving grant funding, adjusting permit and inspection fees to reflect actual costs, and completing annual inspections on a timely basis. Cost reduction efforts include delaying staff hiring and spending as well as solicitation of competitive proposals for insurance, electric generation and third-party inspection services.

In addition, the Township continues to focus on intergovernmental cooperation and shared municipal services through its participation in the Bucks County Consortium of Municipalities. The Consortium is comprised of municipalities in Bucks County and is committed to the value of regional cooperation to resolve problems, and to develop policies and plans that are common and regional to its member municipalities.

A sampling of projects approved by the Board of Supervisors in 2015 reflects a mixture of new construction and renovations, both commercial and residential. K. Hovnanian is nearing completion of a 143 unit residential new construction development. Wells Fargo Bank has completed and opened a new bank building in the Lowes parking lot, and Drivetime has completed and opened a used car dealership on East Lincoln Highway.

The Township has agreements aimed at providing secure experiences for residents and visitors to the two most popular sites in Middletown - Sesame Place and the Oxford Valley Mall. Sesame Place alone required a police security detail of more than 1,200 hours in 2015, the cost of which, more than \$139,000, is paid in full by Sesame Place. The Township's agreement with Simon Property Group, Inc. recognizes the importance of the high visibility of a police officer at the Oxford Valley Mall. Simon provides the Township with access to the Mall common areas and security room and contributes financial assistance to the Township in order to facilitate the provision of additional public safety and protection in the Mall and the immediate surrounding area. Reimbursement for the additional officer and overtime details was more than \$171,000 in 2015.

In 2015, the Middletown Police Department continued to be active in the Pennsylvania Aggressive Driving program, which targets high accident areas. The Department also participated in the "Click It or Ticket" seat belt usage program.

The Police Department participates in the Live Scan on-line booking system, a state of the art program that links the Department with the Pennsylvania State Police and the FBI, the district court system, and national crime databases. The Department was reimbursed more than \$42,000 in 2015 for its participation in the system.

During 2015, the Fire Marshal's Office performed 100% of annual fire inspections of all commercial business in the township. The office also performs fire safety inspections, new fire detection and suppression systems throughout the township. The goal of these inspections is to keep our commercial establishments and their staff safe. The Fire Marshal's Office is very proud of the many significant accomplishments they achieved in the communication of fire prevention including fire extinguisher training for the business community, daycare and school fire prevention seminars, and fire prevention activities throughout the township, such as our Fifth Annual Fire Prevention Day at the Oxford Valley Mall. On days following a neighborhood fire, the staff is known to go door to door in the surrounding neighborhood to communicate the importance of fire prevention and distribute smoke detectors. Middletown Township is one of the safest communities in Bucks County due in part to the dedication of the staff members of the department.

The Township Park & Recreation Department offered a year round calendar of programs and community events that served more than 15,000 people. The annual Sports Block Party, Earth Day Celebration and Holiday Open House were offered free to visitors. The expenses for the community events were paid by donations from local businesses and individuals. The 4th of July Parade drew thousands of participants and spectators. Working with the senior citizen center, the department managed the Community Garden, a sustainable garden tended by the seniors to provide fresh vegetables for the seniors and the community. The garden provided the opportunity for special needs students from the local school to work with the senior citizens to plant the garden with seedlings that the students grew in their classroom. The Environmental Advisory Committee planted over 100 new trees in the public spaces of the township continuing the goal of planting 100 new trees each year. The trees were purchased with a subsidy from the PA DCNR Tree Vitalize Program.

Systems and Internal Controls

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

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

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

Budget

The Township also maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Activities of all Township funds, with the exception of the pension trust funds and the agency funds are included in the annual appropriation budget. The Board of Supervisors establishes the level of budgetary

control in the broad categories contained in the Basic Financial Statements. Appropriations lapse at the close of the fiscal year and must be re-appropriated the following year.

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

Policies and Procedures

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

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

Cash Management

The Township uses TD Bank as its designated depository. TD Bank, who took over Commerce Bank which the Township has used since mid-2002, provides excellent service at little cost to the Township. Bank fees have been eliminated from the Township budget altogether. Interest is paid on the net balance of all accounts the Township maintains at the bank.

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

The proceeds from the 2002 sale of the Township's public water and sewer systems have been held in a reserve fund, known as the Investment Fund, and invested through third-party investment management firms that have considerable professional experience and knowledge in the management of public investments. The market value of those investments total \$40.0 million as of December 31, 2015.

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

Independent Audit

The independent auditor appointed by the Board of Supervisors for the year ended December 31, 2015 is the firm of Bee, Bergvall & Co., Certified Public Accountants. The independent auditors' report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the Financial Section of this report. They have issued an unqualified opinion for the year ended December 31, 2015.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Middletown for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. That year was the eleventh overall year that the Middletown Township has achieved this certificate of achievement. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Township believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we intend to submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The publication of this CAFR continues to reinforce the accountability of Middletown Township to the taxpayers of the community. The preparation of the 2015 Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Department. All others who contributed to the preparation of this report, including members of the Administration, Building and Planning, and Parks and Recreation Departments, the Fire Marshal's Office, the Police Department, and the Department of Public Works have my sincere appreciation for their contributions.

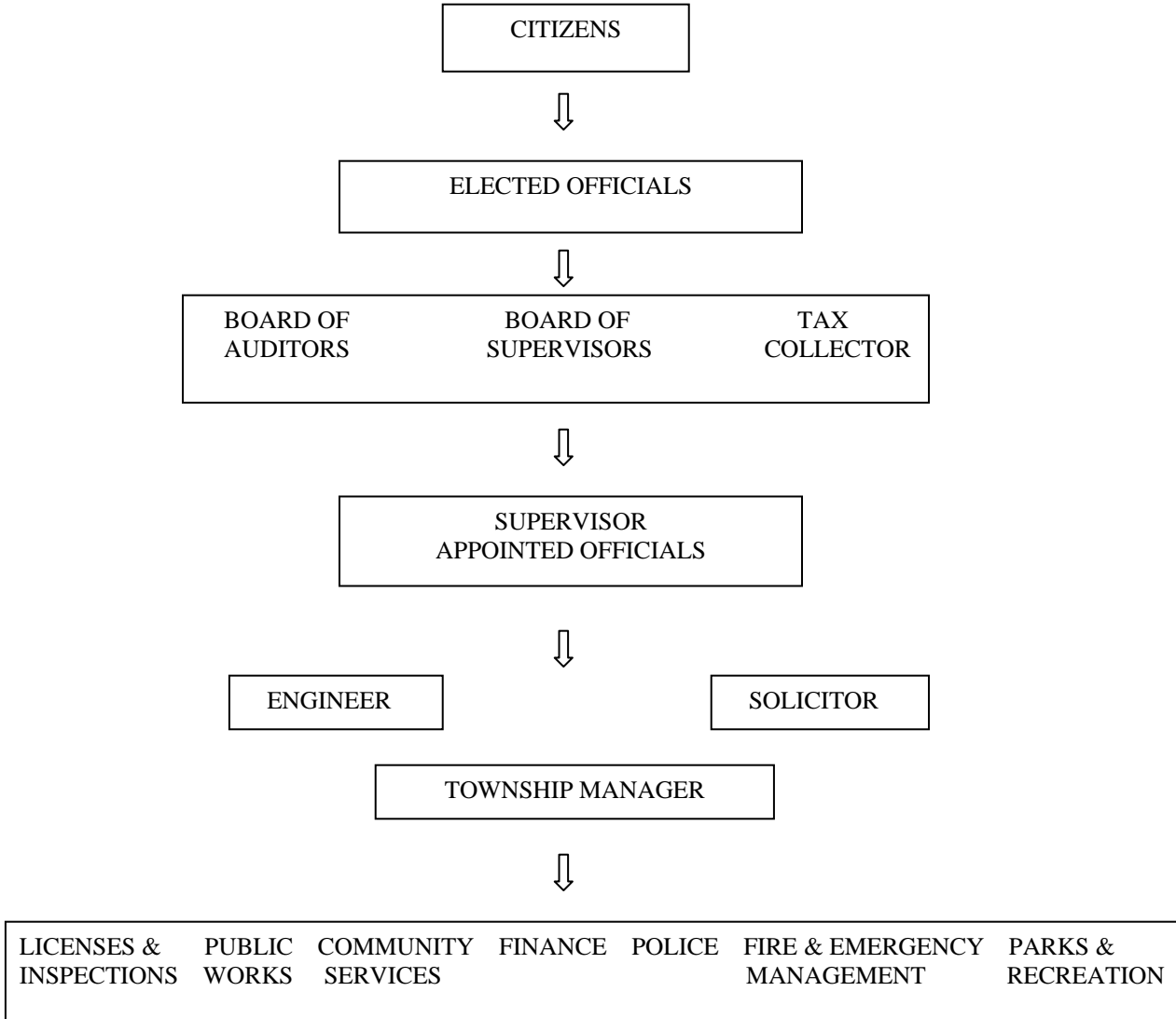
I would also like to thank the Board of Supervisors for their support and continued interest in the financial operations of the Township. Without their support, the preparation of this report would not have been possible.

Respectfully submitted,

Dennis M. Penko
Finance Director
June 17, 2016

TOWNSHIP OF MIDDLETOWN
BUCKS COUNTY, PENNSYLVANIA
ORGANIZATIONAL CHART

December 31, 2015



APPOINTED CITIZENS ADVISORY BOARDS & COMMISSIONS

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

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

December 31, 2015

2015 BOARD OF SUPERVISORS

Pat Mallon, Chairperson

H. George Leonhauser, Vice Chairperson

Drew Kreiling, Secretary

Thomas Gallagher, Member

William Oettinger, Member

EXECUTIVE OFFICIALS

Stephanie Teoli Kuhls, Township Manager

Joseph Pizzo, Esq., Township Solicitor

Larry Young, P.E., Township Engineer

Joseph Bartorilla, Chief of Police

Pat Duffy, P.E., Director of Building and Zoning

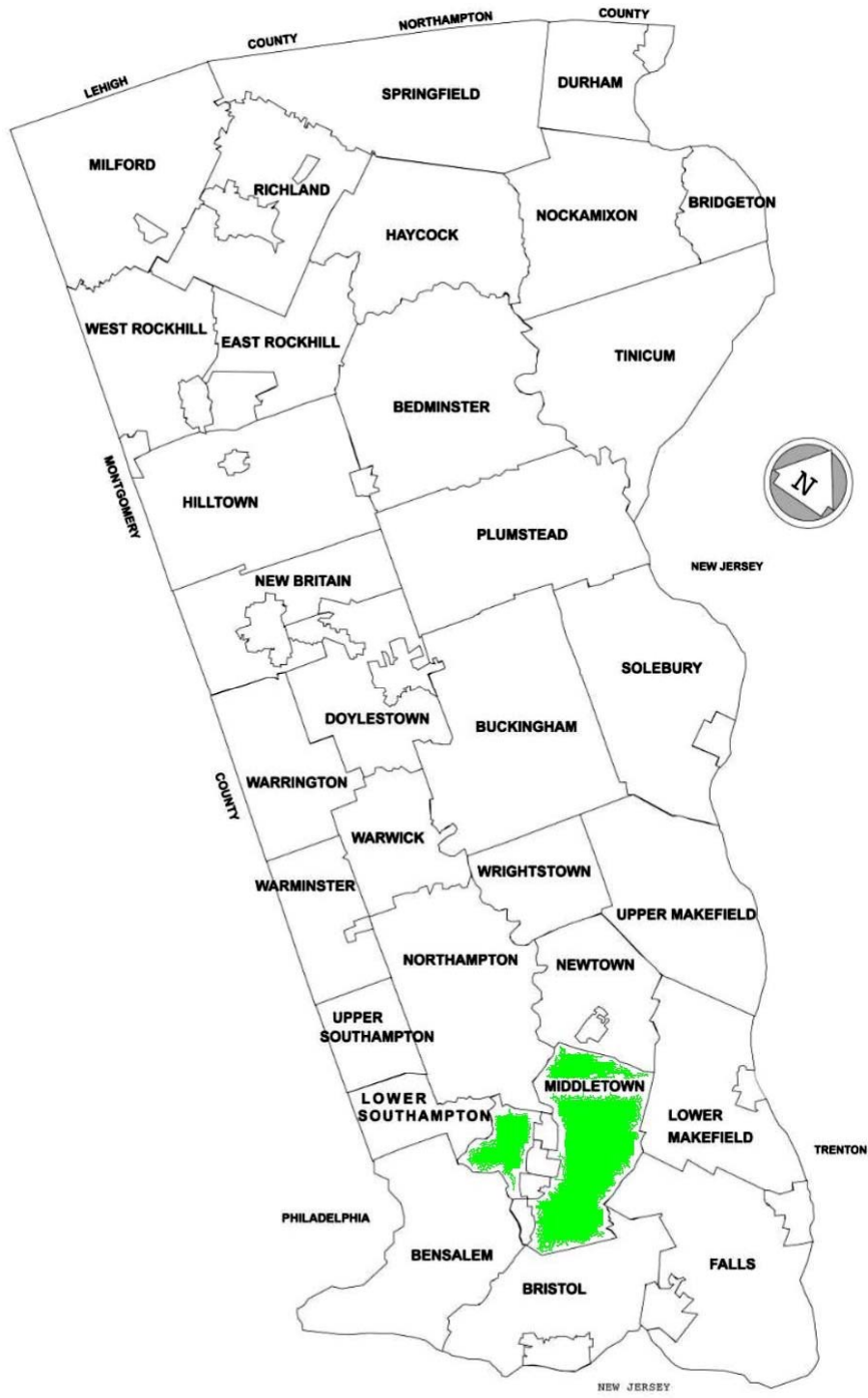
Deborah Lamanna, Director of Parks, Recreation and Community Services

James McGuire, Fire Marshal

Dennis M. Penko, CPA, CGMA, Director of Finance

Erich Wendel, Director of Public Works

Map of Middletown Township





Government Finance Officers Association

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

Presented to

**Township of Middletown
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

FINANCIAL SECTION



936 Easton Rd., PO Box 754 Warrington, PA 18976 | 163 S. Broad St., Lansdale, PA 19446
252 W. Swamp Rd., Unit 9, Doylestown, PA 18901 | 444 South State St. Suite B2, Newtown, PA 18940
24 Arnett Ave. Suite 111, Lambertville, NJ 08530
215-345-6272 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Middletown Township, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Middletown, Pennsylvania, as of and for the year ended December 31, 2015, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Middletown Township, Pennsylvania, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, state highway aid fund, and the investment fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20, and the historical trend information on pages 82 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middletown's, Pennsylvania, financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Bee, Bergvall & Co.

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

June 17, 2016

Middletown Township
Bucks County, Pennsylvania

Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
For the Fiscal Year Ended December 31, 2015

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, 2015. 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 GASB 34 is the government-wide financial statements, which are comprised of the Statement of Net Position and Statement of Activities. These statements report all of the assets, liabilities, revenues, and 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.

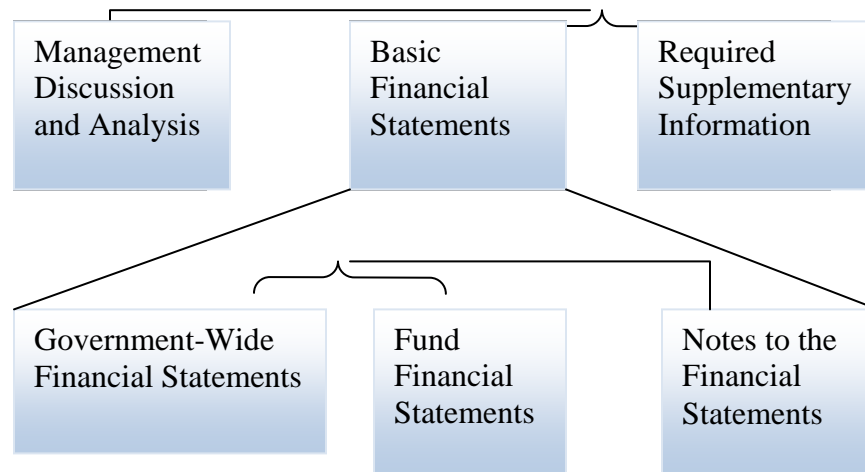
The remaining statements are fund financial statements which focus on the government's major governmental and enterprise funds. Governmental fund financials are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental funds statements 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 Styer's Farm. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others to whom the resources actually belong, i.e. Pension and Escrow Funds. Both the Proprietary and Fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

Figure 1
Required Components of
Middletown Township's Financial Report



Government-Wide Statements

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

The Statement of Net Position on pages 22-23 includes all of the government's assets and liabilities, with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. To assess the overall health of the Township, you need to consider additional non-financial factors, such as changes in the property tax base or the condition of Township infrastructure.

The Statement of Activities on pages 24-25 reports how the Township's Net Position has changed during the current fiscal year. It accounts for all of the current year's revenues and 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.

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

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

Fund Financial Statements

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

Governmental Funds - Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and changes in financial position, not on income determination. They are reported on a modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The focus of these statements is to provide a detailed short-term view of the Township's operations and the services it provides. It reports on the use of spendable resources during the year and the balances of spendable resources available at the end of the year. This information helps the reader determine whether there are sufficient resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is reconciled in the financial statements on page 28 and 31.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 39 through 80 of this report.

Financial Analysis of the Township as a Whole

Net position may serve, over time, as a useful indicator of a government's financial position. In Middletown Township, assets exceed liabilities by \$62,416,714 and \$67,913,180 at the close of the years ended December 31, 2015 and 2014, respectively.

The following table provides a summary of the Township's Net Position at December 31, 2015 and December 31, 2014:

Table 1
Summary of Net Position
For the Years Ending 12/31/15 and 12/31/14
(Government-Wide)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 53,313,505	\$ 53,687,350	\$ 234,703	\$ 250,655	\$ 53,548,208	\$ 53,938,005
Capital Assets	52,729,106	51,632,657	4,657,412	4,733,876	57,386,518	56,366,533
Total Assets	<u>\$ 106,042,611</u>	<u>\$ 105,320,007</u>	<u>\$ 4,892,115</u>	<u>\$ 4,984,531</u>	<u>\$ 110,934,726</u>	<u>\$ 110,304,538</u>
Deferred Outflows of Resources	\$ 1,579,622	\$ 108,531	\$ -	\$ -	\$ 1,579,622	\$ 108,531
Current and Other Liabilities	\$ 3,985,747	\$ 5,120,754	\$ 261,472	\$ 325,395	\$ 4,247,219	\$ 5,446,149
Long-Term Liabilities	39,421,800	42,059,891	-	73,615	39,421,800	42,133,506
Total Liabilities	<u>\$ 43,407,547</u>	<u>\$ 47,180,645</u>	<u>\$ 261,472</u>	<u>\$ 399,010</u>	<u>\$ 43,669,019</u>	<u>\$ 47,579,655</u>
Deferred Inflows of Resources	\$ 1,797,972	\$ 504,031	\$ 12,250	\$ 12,250	\$ 1,810,222	\$ 516,281
Net Position						
Net Investment in Capital Assets	\$ 27,249,325	\$ 25,418,215	\$ 4,583,797	\$ 4,584,428	\$ 31,833,122	\$ 30,002,643
Restricted	2,988,968	5,261,567	-	-	2,988,968	5,261,567
Unrestricted	32,178,421	27,064,080	34,596	(11,157)	32,213,017	27,052,923
Total Net Position	<u>\$ 62,416,714</u>	<u>\$ 57,743,862</u>	<u>\$ 4,618,393</u>	<u>\$ 4,573,271</u>	<u>\$ 67,035,107</u>	<u>\$ 62,317,133</u>

The current assets of the Township are comprised primarily of cash, short-term investments, and accounts receivable. The largest portion of the current assets balance is made up of cash and investments held by the Investment Fund (\$40.0 million in 2015). Government Activities Current Assets decreased by \$373,845 during 2015, a 0.7% decrease from the 2014 balance of \$53,687,350, and a result of the improved cash position created by the impact of the Earned Income Tax. 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 D to the Basic Financial Statements.

Current liabilities consist primarily of accounts payable, various accruals and the current portion of long term liabilities. Government Activities Current Liabilities decreased by \$1,135,007 during 2015, primarily a result of a decrease in in the GOB 2014 Bond Fund paving program liabilities, and a decrease in the General Fund Accrued Salaries at year end. Long-term liabilities include principal balances owed on various General Obligation Bonds and notes, and accrued sick and severance pay, and Net Pension Liability. The outstanding principal on the 2010, 2011, 2012, and 2014 bond issues make up \$25,315,000 of the liabilities balance at year end 2015. Debt administration is discussed later in this report and in Note E to the Basic Financial Statements. Net Pension Liability, a new reporting requirement for 2015 per GASB 68, makes up \$8,973,662 of Long-term Liabilities at year end 2015.

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

Governmental Activities decreased the Township's Net Position by \$4,672,852 during the current fiscal year. This is an increase over the 2014 increase in Net Position of \$2,955,524, for the reasons stated above, albeit primarily, the addition of Net Pension Liability in the amount of \$8,973,662 to Long-term Liabilities as part new reporting requirements for 2015 as required by GASB 68.

Business-type Activities increased the Township's Net Position by \$45,122 during the current fiscal year. These activities are comprised of the Middletown Country Club and the Styer's Farm. This increase is favorable to the 2014 increase in Net Position of \$20,849, a result of decreased debt service liability.

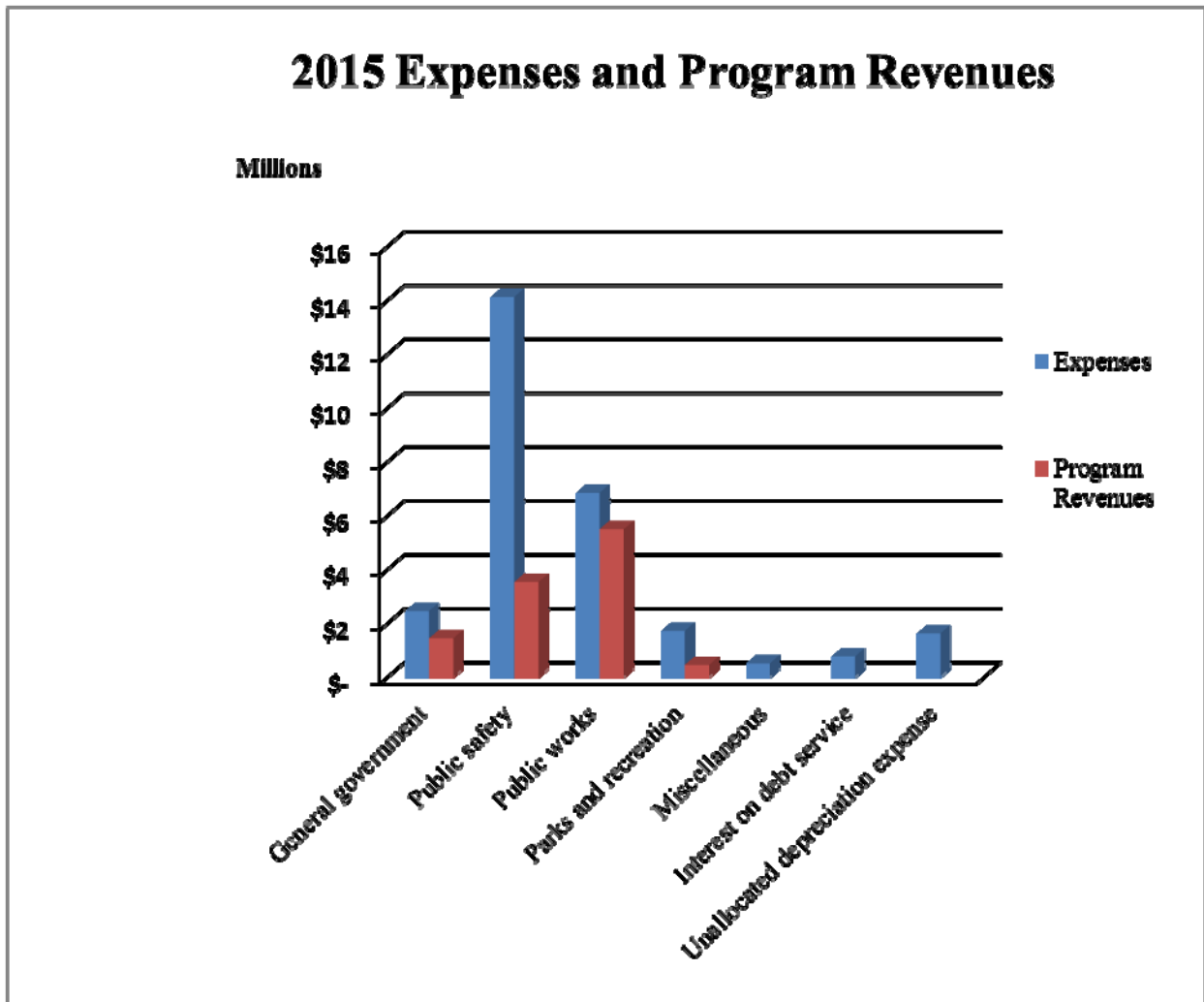
The result of this year's operations as a whole are reported in the Statement of Activities on page 24-25. All expenses are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expense categories are netted against them to determine the final amount of the Township's activities that are supported by other general revenues, primarily Property Taxes, Earned Income 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.

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, 2015 compared to December 31, 2014.

Table 2
Changes in Net Position
For the Years Ending 12/31/15 and 12/31/14
(Government-Wide)

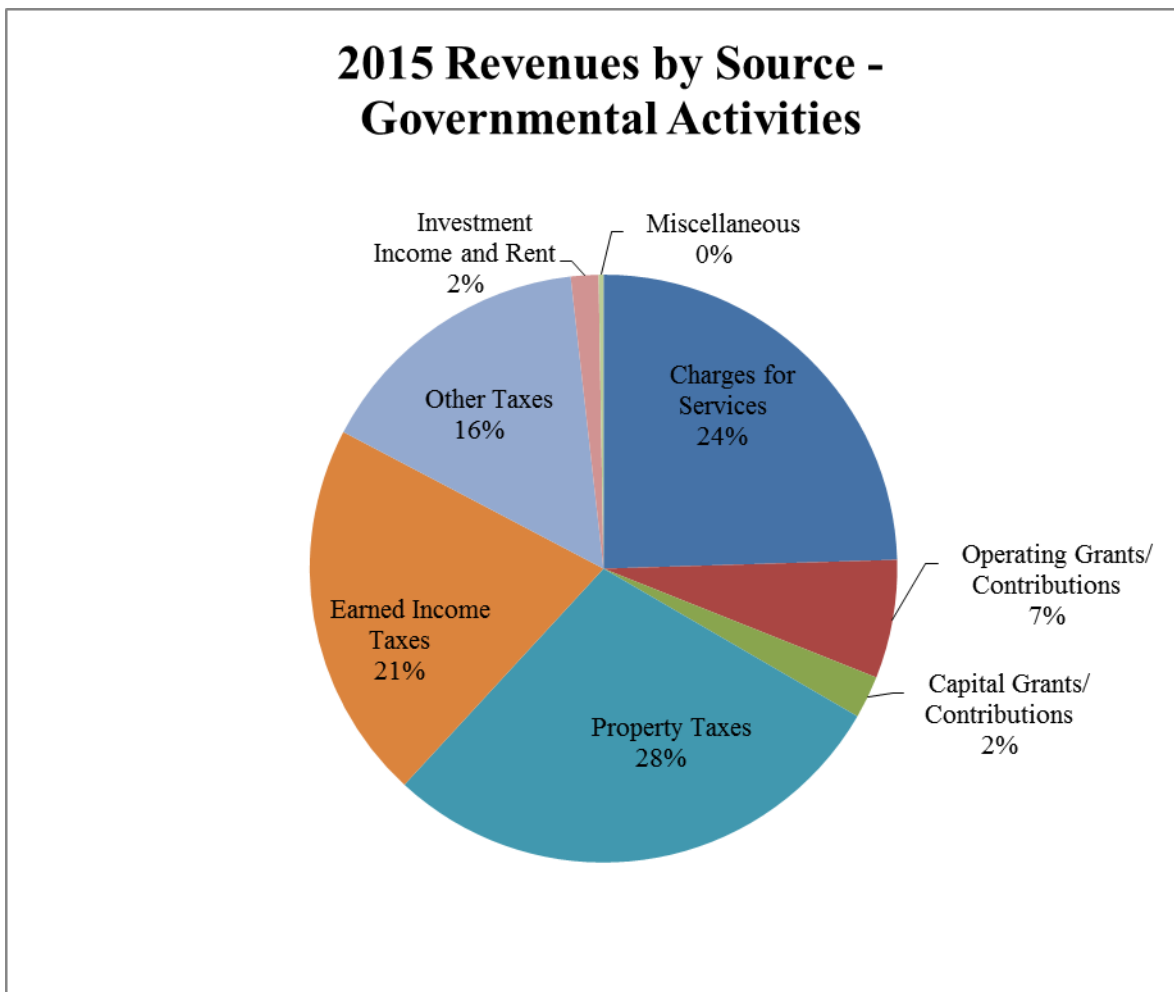
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,979,700	\$ 8,615,622	\$ 241,138	\$ 241,259	\$ 8,220,838	\$ 8,856,881
Operating Grants/ Contributions	2,122,112	2,001,065	-	-	2,122,112	2,001,065
Capital Grants/ Contributions	762,846	1,352,466	-	-	762,846	1,352,466
General Revenues:						
Property Taxes	9,264,596	9,218,570	-	-	9,264,596	9,218,570
Earned Income Taxes	6,783,852	4,080,744	-	-	6,783,852	4,080,744
Other Taxes	5,051,715	4,893,608	-	-	5,051,715	4,893,608
Investment Income and Rent	495,175	655,107	7,749	8,451	502,924	663,558
Miscellaneous	85,168	12,978	-	-	85,168	12,978
Total Revenues	\$ 32,545,164	\$ 30,830,160	\$ 248,887	\$ 249,710	\$ 32,794,051	\$ 31,079,870
Expenses:						
General Government	\$ 2,438,963	\$ 2,225,838	\$ -	\$ -	\$ 2,438,963	\$ 2,225,838
Public Safety	14,108,744	14,439,009	-	-	14,108,744	14,439,009
Public Works	6,827,774	7,037,369	-	-	6,827,774	7,037,369
Parks and Recreation	1,702,967	1,548,355	-	-	1,702,967	1,548,355
Miscellaneous	499,666	545,085	-	-	499,666	545,085
Debt Service Interest	756,506	642,361	-	-	756,506	642,361
Unallocated Depreciation - Infrastructure	1,606,967	1,505,894	-	-	1,606,967	1,505,894
Business-Type Activities - Country Club			117,966	132,830	117,966	132,830
Business-Type Activities - Styer's Farm	-	-	16,524	26,756	16,524	26,756
Total Expenses	\$ 27,941,587	\$ 27,943,911	\$ 134,490	\$ 159,586	\$ 28,076,077	\$ 28,103,497
Change in Net Position before transfers	\$ 4,603,577	\$ 2,886,249	\$ 114,397	\$ 90,124	\$ 4,717,974	\$ 2,976,373
Transfers, net	69,275	69,275	(69,275)	(69,275)	\$ -	-
Change in Net Position	\$ 4,672,852	\$ 2,955,524	\$ 45,122	\$ 20,849	\$ 4,717,974	\$ 2,976,373
Net Position-beginning of year (Restated)	\$ 57,743,862	\$ 54,788,338	\$ 4,573,271	\$ 4,552,422	\$ 62,317,133	\$ 59,340,760
Net Position-end of year	\$ 62,416,714	\$ 57,743,862	\$ 4,618,393	\$ 4,573,271	\$ 67,035,107	\$ 62,317,133

The following chart shows the Government-wide sources of expenses and related program revenues for the year ended December 31, 2015:



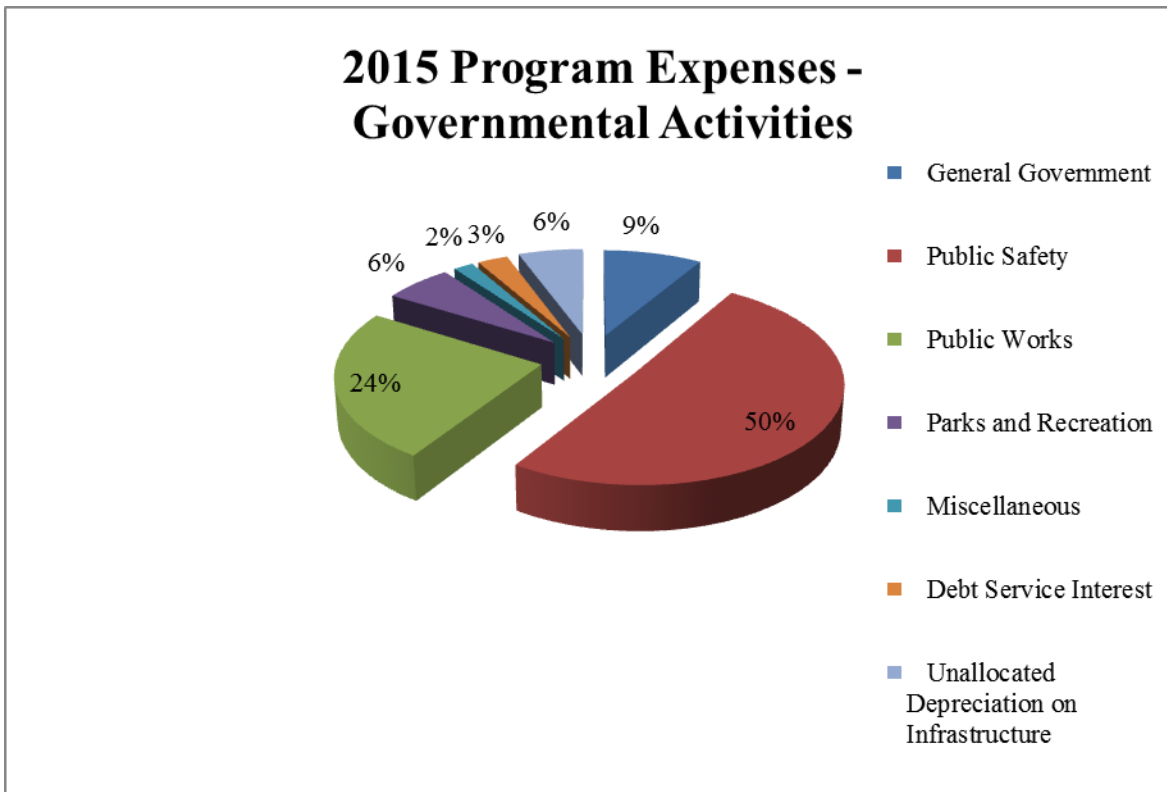
General revenues are required to support the programs. As reflected in the above chart program expenses exceed program revenues in all areas. General government expenses exceed program revenues by \$1,011,423, public safety by \$10,590,767, public works by \$1,350,055, and park and recreations by \$1,261,545.

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2015:



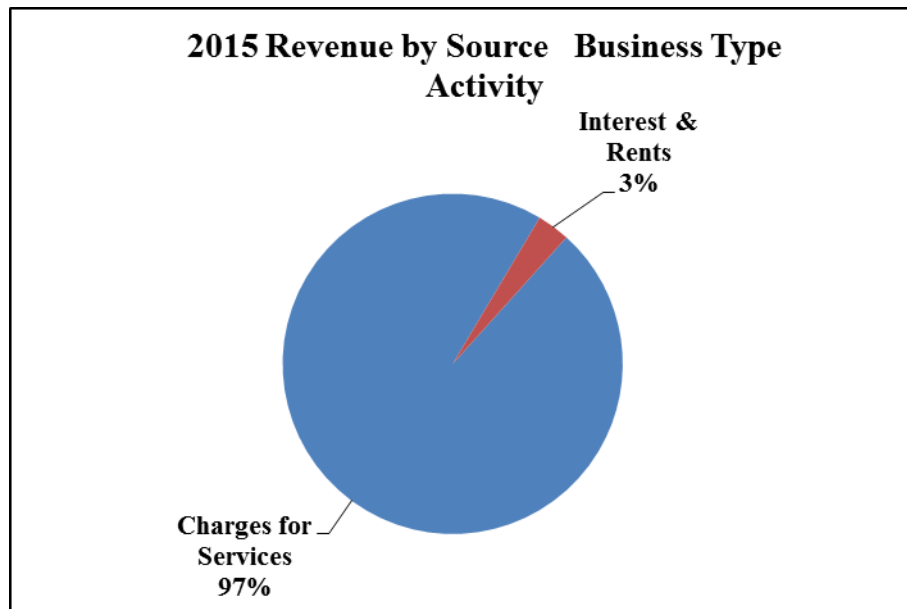
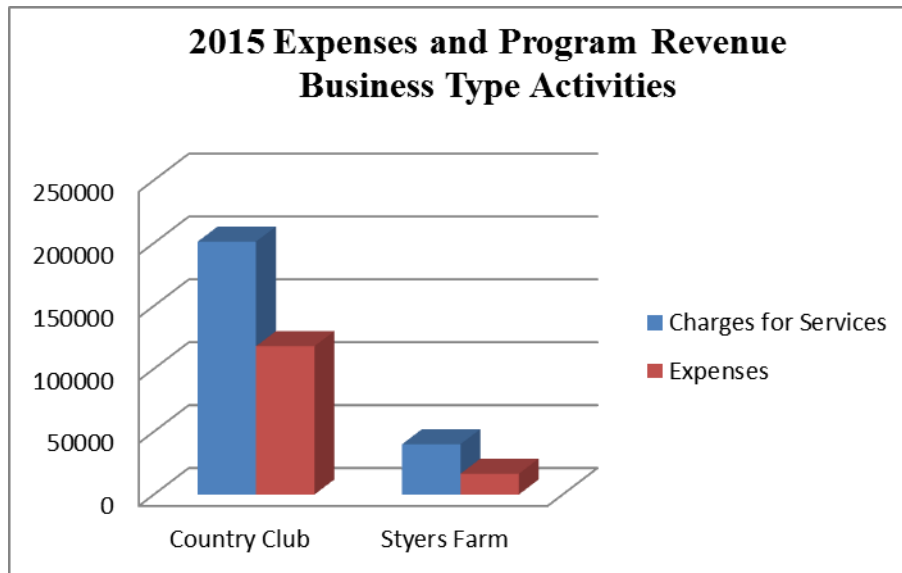
Of the total Government-wide revenues of \$32,545,164, the greatest share came from Property Taxes with revenues of \$9,264,596. The second largest revenue source is Charges for Services with revenues of \$7,979,700, primarily made up of fees for solid waste collection in the amount of \$4,160,992. Second year revenue from the Earned Income Tax totaled \$6,783,852. Other Taxes include the Township's Act 511 taxes such as the Local Services, Per Capita, Real Estate Transfer, Mercantile, Amusement, Mechanical Device Taxes, and Parking Fees had combined revenues of \$5,051,715. Operating and Capital Grants and Contributions brought in \$2,884,958. Investment income and rents netted the Township \$495,175. Miscellaneous Income and Sale of Assets, amounting to \$85,168, comprise the balance of the 2015 revenues for governmental activities.

The following chart shows the Government-wide sources of program expenses for the year ended December 31, 2015:



The largest share of expenses in 2015 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 \$14,108,744 for 2015. 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 \$6,827,774 for 2015. Parks and Recreation expenses of \$1,702,967 fund the operation and maintenance of our Township parks, park buildings, and park equipment as well as administrative costs and Township recreation programs. General Government expenses of \$2,438,963 make up the fourth largest segment of 2015 expenses. This category covers the costs of staffing, benefits, and other administrative costs and ancillary expenses. Depreciation expenses of \$1,606,967, Debt Service Interest of \$756,506, and Miscellaneous expenses of \$499,666 primarily insurance expense, round out the 2015 total program expenses for governmental activities.

The following charts show the expenses and program revenues and the revenues by source from Business-Type activities for the year ended December 31, 2015:



Business-type Activities increased the Township’s Net Position by \$45,122 during the current fiscal year. The Middletown Country Club revenues totaled \$201,138 with offsetting expenses of \$114,943 for an operating income of \$86,195. After non-operating expense, which consists of interest expense of \$3,023 offset by interest income of \$49, the result is an income before transfers of \$83,221. The Styer’s Farm revenues totaled \$47,700 for the year with offsetting expenses of \$16,524 for an operating income, and income before transfers of \$31,176.

The Township Fund Balances

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

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

At the close of the year, the governmental funds for the Township reported a combined fund balance of \$51,356,904 which represents an increase of \$1,023,647 from the previous year. The largest components of this increase are the General Fund, where the operating revenue exceeded operating expenditures, and the Capital Reserve Fund which received a transfer of \$2,600,000 from the General Fund allowing the fund to grow its Fund Balance. These increases in Fund Balance were offset by a decrease in the GOB 2015 Bond Fund, a result of the using Bond Issue proceeds for their intended purpose of Road Repaving.

The investment fund has a total fund balance of \$39,991,711 at fiscal year end, an increase of \$340,454 from the prior year. Although investment income was lower than anticipated due to extremely low interest rates on fixed income securities, the budgeted transfer to the General Fund was not necessary, which allowed to fund to hold the earnings, increasing fund balance.

The debt service fund has a total fund balance of \$736,279, an increase of \$85,612 from the prior year. 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 notes. The 2015 budget provided for a real estate tax rate of 5.145 mills for the fund, a decrease of .3 mills from 2014.

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

The unrestricted Net Position of the Country Club fund is \$139,846 at year end 2015. The total Net Position is \$2,336,662. The Country Club is supported completely by non-tax revenues.

The unrestricted Net Position of the Styer's Farm fund is a net deficit of \$105,250 at year end 2015. The total Net Position is \$2,281,731. The property is a valuable asset to the Township and management continues to strive to improve the financial reserves of the fund.

General Fund Budget Highlights:

The Middletown Township Board of Supervisors approved the Original 2015 Budget on December 15, 2014, which included the continuation of a 17.570 millage rate for real estate taxes, an earned income tax at 0.5 %, and a \$1,000,000 emergency transfer from the investment fund to the General Fund.

During the year, the Township revised the 2015 budgeted expenditures in transfers out to the Capital Reserve fund by \$2,600,000, which was funded by increased revenue from the earned income tax, and in sanitation by \$10,000, which was funded by a decrease to fund balance thereby increasing net expenditures by \$2,610,000 between the original and final budget. The Sanitation Fund is budgeted and accounted for as a separate fund, however, for financial reporting purposes, the Sanitation Fund is combined with the General Fund.

General Fund Revenues were higher than the budgeted amounts by \$1,024,041 primarily due to higher than expected taxes, most notably the earned income tax which exceeded budget by \$183,852 in its second year; other taxes in total exceeded budget by \$386,883; and inspection fees and charges for services exceeded budget by \$425,535. Other Financing Sources were lower than budget as the transfer from the Investment Fund to the General Fund was not considered necessary due to the higher than revenue mentioned above.

General Fund Expenditures were lower than the budgeted amounts by \$538,848 as a result of management's continued efforts to control costs, and postpone expenses where possible. Savings to budget, primarily in payroll and benefits costs, were realized in the police department amounting to \$396,083, and administration department, \$235,209. Included in the overall savings mentioned above are savings in healthcare costs of approximately \$260,000.

A schedule showing the Townships original and final budget amount compared with amounts actually paid and received is provided on page 32.

Capital Assets

At December 31, 2015, the Township had \$57,386,518 invested in a broad range of capital assets (net), including land, land improvements, buildings, building improvements, machinery & equipment and infrastructure.

Capital asset purchases totaled \$5,178,023 during the 2015 fiscal year as follows: Machinery and equipment - \$2,074,341; and Infrastructure - \$3,103,682.

Infrastructure expenses are comprised of the 2015 Road Repaving Program, the Forsythia Crossing Bridge Repair, Drainage Improvements, and Stormwater Improvements.

Machinery and equipment capital asset additions include: IT Network Server and Computer Upgrades; a new Telephone System; Police Car Computers; 2016 International 7400 Dump Truck, body and plow; 2015 Ford Explorers, 2015 Chevrolet Tahoe, and 2015 Dodge Charger; 2015 Ford F550 Truck with snow plow, and 2015 Ford F350 Truck with snow plow; Asphalt Hot Box; a Drum model Chipper; and Emergency Radios.

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

Debt Administration

As of January 1, 2015, the Township had total outstanding long-term debt of \$44,270,782 (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 pension liability (restated) and other post-retirement benefit liabilities for police. The outstanding long-term debt balance at December 31, 2015 is \$41,632,146 (principal only).

Standard and Poor's Ratings Services reaffirmed its AA+ long term rating and stable outlook for Middletown Township bonds on May 9, 2015. Furthermore, Moody's Investor Services last affirmed and recalibrated the Middletown Township's general obligation bond (GOB) rating from Aa3 to Aa2 on April 23, 2010 for the GOB 2008 issue. 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 \$73,615 at December 31, 2015. Principal payments of \$75,833 were made during the year. Compensated absences reflect a balance of \$1,285,515 in earned vacation, vested sick pay and vested severance pay as of December 31, 2015. Compensated Absences decreased \$2,137 for the year. Pension Liability totaled \$8,973,662, and Other Post-Employment Benefits has an outstanding liability of \$5,036,069 at December 31, 2015.

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

2016 Budget Overview

This 2016 Budget includes \$32,006,543 in expenditures over fourteen governmental funds, reflecting a 0.5% decrease from the 2015. This spending plan will allow Middletown Township to continue to provide municipal services and programs at existing levels, with no tax increase.

The Township's fourteen governmental funds include costs to provide typical governmental functions. The 2016 General Fund Budget includes expenditures of \$17,628,809 which represents a 4.6% increase over the 2015 Budget.

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

- Competitive Proposals for Healthcare Insurance continue to bring favorable results, in an estimated \$200,000 savings to budget.
- Participation in a municipal insurance pool for Workers Compensation which continues to provide savings, estimated at \$25,000 compared to budget.
- Continue efforts to aggressively seek grant revenue; almost \$2,500,000 in total received in 2014 and 2015.
- A change was made to the electric generation provider during the first quarter of 2015, bringing about an estimated savings of more than \$50,000 per year.

- Revenue from the Earned Income Tax has been strong since its inception in 2014 and has helped bring the General Fund Balance to targeted levels recommended by the Government Finance Officers Association.

For the 2016 Budget, these efforts, coupled with the 2014 implementation of a .5% Earned Income Tax, have resulted in the elimination of the need for a budgeted transfer from the Investment Fund to General Fund, which was budgeted at \$2,000,000 in 2014, and \$1,000,000 in 2015.

General Fund Revenue Budget

- **Real Estate Tax:** The 2016 Middletown Township Real Estate Tax is based on an anticipated total assessed value of \$530,073,610. The proposed rate of 17.570 mills reflects no change from the 2015 rate.
- **Earned Income Tax:** An Earned Income Tax was implemented in 2014 at a rate of .5% of earned income on resident and non-resident workers. It is estimated that this tax will generate \$5,500,000 during the 2016 calendar year.
- **Real Estate Transfer Tax:** The Real Estate Transfer Tax is levied at ½ of 1% of the value of all real estate that transfers within Middletown Township. Revenue from this tax peaked in 2005 at \$1,440,813. This line item is expected to bring in approximately \$970,000 in 2016.
- **Mercantile Tax:** The Mercantile Tax is assessed on the gross income of anyone engaged in the sale of goods, wares and merchandise located within the Township. The tax is calculated based upon total gross receipts. The rate is ½ mill gross receipts for wholesale and ¾ mill gross receipts for retail. This line item is expected to generate \$1,025,000 in revenues in 2016.
- **Amusement Tax:** The Amusement tax levies a tax equal to 5% of eligible admission prices to certain places of amusement, entertainment or recreation. In 2016, \$1,300,000 is anticipated in revenue from this source.

General Fund - Expenditure Budget

- The primary expenditure category in the General Fund is Police Protection at \$12,121,467. This category is significantly impacted by salary and benefit costs for the Township's police force. In December of 2015, there are currently 54 officers in the department, which is equal to budget. The 2016 budget includes the hiring of two additional officers to bring the number of sworn officers to 56.
- The contribution required to the Police Pension fund has increased dramatically over the past six years from \$764,346 in 2010 to \$2,350,510 in 2016.
- Other significant expenditure categories in the 2016 General Fund include Administration at \$1,993,437; Public Works at \$945,990; Building & Planning at \$665,777 and Fire Protection/Emergency Management at \$494,898.

The complete 2016 Budget is available for review on the Middletown Township website at www.middletownbucks.org under forms and documents, finance department.

Currently Known Facts, Decisions, and Conditions:

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

In 2015, the Township submitted eight (8) applications for Project Funding totaling \$1,351,547 to the Bucks County Redevelopment Authority (RDA) for 2016 Pennsylvania Gaming Revenue Grants. RDA approval for full, and/or partial funding, was received for seven of the project applications submitted, totaling \$915,048. The grants are for 2016 projects, benefiting the Middletown Community as a whole. A Summary follows:

2016 Pennsylvania Municipal Grant Program Awards

<u>Project</u>	<u>Description</u>	<u>RDA Approved Grant Amount</u>
Middletown Township Police Department	3 Ford Explorer Interceptors, 1 Ford Taurus-unmarked, 1 Ford Sedan Interceptor, 1 Dodge Charger Pursuit, 1 Chevrolet Tahoe	\$176,057
Middletown Township Police Department	Data Terminal Upgrades	\$89,683
Middletown Township Emergency Management Department	1 Ford F-150 Truck	\$29,400
Middletown Township Emergency Management Department	Emergency Responder Radio Replacement Program	\$212,000
Middletown Township Department of Public Works	1 International 7400 Truck	\$98,350
Penn del Middletown EMS and Vol Fire Companies Radio Upgrade	Emergency Responder Radio Replacement Program	\$109,558
William Penn Fire Co	1 Ahrens-Fox Mini Evo Fire Truck	\$200,000
	Total	<u>\$915,048</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.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF MIDDLETOWN

STATEMENT OF NET POSITION

December 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 12,320,230	\$ 209,372	\$ 12,529,602
Investments	39,642,127	-	39,642,127
Receivables (net of allowance for uncollectibles)	952,998	331	953,329
Due from other governments	109,786	-	109,786
Other assets	288,364	25,000	313,364
Total Current Assets	<u>53,313,505</u>	<u>234,703</u>	<u>53,548,208</u>
Capital Assets (net of accumulated depreciation)			
Land	8,327,435	3,355,000	11,682,435
Construction in progress	-	-	-
Land improvements	6,586,051	648,439	7,234,490
Buildings and building improvements	20,375,524	1,562,765	21,938,289
Machinery and equipment	10,157,550	691,199	10,848,749
Infrastructure	72,330,393	-	72,330,393
Accumulated depreciation	<u>(65,047,847)</u>	<u>(1,599,991)</u>	<u>(66,647,838)</u>
Total Capital Assets (net)	<u>52,729,106</u>	<u>4,657,412</u>	<u>57,386,518</u>
TOTAL ASSETS	<u>\$ 106,042,611</u>	<u>\$ 4,892,115</u>	<u>\$ 110,934,726</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized deferred loss on refunding	97,237	-	97,237
Net difference between projected and actual earnings on pension plan investments	<u>1,482,385</u>	<u>-</u>	<u>1,482,385</u>
Total deferred outflows of resources	<u>1,579,622</u>	<u>-</u>	<u>1,579,622</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 1,098,381	\$ 38,493	\$ 1,136,874
Accrued salaries and benefits	166,022	-	166,022
Deposits and refunds	310,390	-	310,390
Internal balances	(149,364)	149,364	-
Due to other governments	77,087	-	77,087
Accrued interest payable	346,500	-	346,500
Other liabilities	-	-	-
Bonds payable, current maturity	1,955,000	73,615	2,028,615
Notes payable, current maturity	90,181	-	90,181
Compensated absences, current maturity	91,550	-	91,550
Total Current Liabilities	<u>3,985,747</u>	<u>261,472</u>	<u>4,247,219</u>
Long-term Liabilities			
Bonds payable, net of current maturity	23,752,756	-	23,752,756
Notes payable, net of current maturity	465,348	-	465,348
Compensated absences, net of current maturity	1,193,965	-	1,193,965
Net pension liability	8,973,662	-	8,973,662
Other post-employment benefits	5,036,069	-	5,036,069
Total Long-term Liabilities	<u>39,421,800</u>	<u>-</u>	<u>39,421,800</u>
 Total Liabilities	 <u>43,407,547</u>	 <u>261,472</u>	 <u>43,669,019</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue - special assessments	17,906	12,250	30,156
Differences between expected and actual experience on pension plan liability	<u>1,780,066</u>	<u>-</u>	<u>1,780,066</u>
Total deferred inflows of resources	<u>1,797,972</u>	<u>12,250</u>	<u>1,810,222</u>
<u>NET POSITION</u>			
Net investment in capital assets	27,249,325	4,583,797	31,833,122
Restricted for:			
Street lighting	299,290	-	299,290
Road machinery	174,578	-	174,578
Fire services	14,256	-	14,256
Police	145,221	-	145,221
Streets and highway	771,486	-	771,486
Transportation impact fee	374,341	-	374,341
Debt service	1,209,796	-	1,209,796
Unrestricted	<u>32,178,421</u>	<u>34,596</u>	<u>32,213,017</u>
Total Net Position	<u>\$ 62,416,714</u>	<u>\$ 4,618,393</u>	<u>\$ 67,035,107</u>

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

TOWNSHIP OF MIDDLETOWN

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 2,438,963	\$ 1,206,141	\$ 205,505	\$ 15,894
Public safety	14,108,744	2,246,331	769,234	502,412
Public works	6,827,774	4,189,076	1,126,626	162,017
Parks and recreation	1,702,967	338,152	20,747	82,523
Miscellaneous	499,666	-	-	-
Debt service interest	756,506	-	-	-
Unallocated depreciation expense	1,606,967	-	-	-
Total Governmental Activities	<u>27,941,587</u>	<u>7,979,700</u>	<u>2,122,112</u>	<u>762,846</u>
Business - Type Activities				
Country Club	117,966	201,138	-	-
Farm Fund	16,524	40,000	-	-
Total Business - Type Activities	<u>134,490</u>	<u>241,138</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 28,076,077</u>	<u>\$ 8,220,838</u>	<u>\$ 2,122,112</u>	<u>\$ 762,846</u>

General Revenues

- Property taxes, levied for general purposes
- Earned income tax
- Amusement tax
- Local services taxes
- Mercantile tax
- Real estate transfer tax
- Parking transaction fee
- Other taxes
- Interest and rents
- Miscellaneous revenues
- Gain on Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning (restated)

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,011,423)	\$ -	\$ (1,011,423)
(10,590,767)	-	(10,590,767)
(1,350,055)	-	(1,350,055)
(1,261,545)	-	(1,261,545)
(499,666)	-	(499,666)
(756,506)	-	(756,506)
<u>(1,606,967)</u>	<u>-</u>	<u>(1,606,967)</u>
<u>(17,076,929)</u>	<u>-</u>	<u>(17,076,929)</u>
-	83,172	83,172
<u>-</u>	<u>23,476</u>	<u>23,476</u>
<u>-</u>	<u>106,648</u>	<u>106,648</u>
<u>(17,076,929)</u>	<u>106,648</u>	<u>(16,970,281)</u>
9,264,596	-	9,264,596
6,783,852	-	6,783,852
1,379,123	-	1,379,123
983,936	-	983,936
1,116,110	-	1,116,110
1,137,327	-	1,137,327
260,992	-	260,992
174,227	-	174,227
495,175	7,749	502,924
69,798	-	69,798
15,370	-	15,370
<u>69,275</u>	<u>(69,275)</u>	<u>-</u>
<u>21,749,781</u>	<u>(61,526)</u>	<u>21,688,255</u>
4,672,852	45,122	4,717,974
<u>57,743,862</u>	<u>4,573,271</u>	<u>62,317,133</u>
<u>\$ 62,416,714</u>	<u>\$ 4,618,393</u>	<u>\$ 67,035,107</u>

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

TOWNSHIP OF MIDDLETOWN

BALANCE SHEET -
GOVERNMENTAL FUNDS

December 31, 2015

	<u>General</u>	<u>Investment Fund</u>	<u>Community Development</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,099,314	\$ 360,373	\$ -
Investments	-	39,642,127	-
Receivables (net of allowance for uncollectibles)	603,151	9,906	149,960
Prepaid items	34,252	-	-
Deposit	-	250,000	-
Advances to other funds	-	-	-
Due from other funds	45,778	-	323,124
Due from other governments	109,786	-	-
Total Assets	<u>\$ 6,892,281</u>	<u>\$ 40,262,406</u>	<u>\$ 473,084</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 688,300	\$ -	\$ 2,840
Accrued salaries and benefits	149,654	-	-
Deposits and refunds	119,422	190,968	-
Due to other funds	96,059	-	470,244
Due to other governments	11,610	65,477	-
Total Liabilities	<u>1,065,045</u>	<u>256,445</u>	<u>473,084</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	325,307	-	-
Unavailable revenue - special assessments	-	14,250	-
Total deferred inflows of resources	<u>325,307</u>	<u>14,250</u>	<u>-</u>
 <u>FUND BALANCES</u>			
Nonspendable:			
Prepaid items	34,252	-	-
Long-term interfund advances	-	-	-
Restricted:			
Street lighting	-	-	-
Road machinery	-	-	-
Fire services	-	-	-
Police	108,516	-	-
Streets and highways	-	-	-
Transportation impact fee	-	-	-
Debt service	-	-	-
Committed:			
Culture and recreation	-	-	-
Emergency reserve	-	39,000,000	-
Assigned:			
Operations	-	991,711	-
Capital projects	-	-	-
Unassigned	5,359,161	-	-
Total Fund Balances	<u>5,501,929</u>	<u>39,991,711</u>	<u>-</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 6,892,281</u>	<u>\$ 40,262,406</u>	<u>\$ 473,084</u>

<u>Capital Reserve</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,823,213	\$ 737,938	\$ 2,299,392	\$ 12,320,230
-	-	-	39,642,127
-	60,970	129,011	952,998
-	-	4,112	38,364
-	-	-	250,000
-	-	149,364	149,364
486,272	18,680	84,439	958,293
-	-	-	109,786
<u>\$ 3,309,485</u>	<u>\$ 817,588</u>	<u>\$ 2,666,318</u>	<u>\$ 54,421,162</u>
\$ 82,490	\$ 22,569	\$ 302,182	\$ 1,098,381
-	-	16,368	166,022
-	-	-	310,390
322,427	-	69,563	958,293
-	-	-	77,087
<u>404,917</u>	<u>22,569</u>	<u>388,113</u>	<u>2,610,173</u>
-	58,740	52,132	436,179
-	-	3,656	17,906
<u>-</u>	<u>58,740</u>	<u>55,788</u>	<u>454,085</u>
-	-	4,112	38,364
-	-	149,364	149,364
-	-	299,290	299,290
-	-	174,578	174,578
-	-	14,256	14,256
-	-	36,705	145,221
-	-	771,486	771,486
374,341	-	-	374,341
-	736,279	473,517	1,209,796
-	-	298,484	298,484
-	-	-	39,000,000
-	-	-	991,711
2,530,227	-	849	2,531,076
-	-	(224)	5,358,937
<u>2,904,568</u>	<u>736,279</u>	<u>2,222,417</u>	<u>51,356,904</u>
<u>\$ 3,309,485</u>	<u>\$ 817,588</u>	<u>\$ 2,666,318</u>	<u>\$ 54,421,162</u>

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

TOWNSHIP OF MIDDLETOWN

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

December 31, 2015

TOTAL GOVERNMENTAL FUND BALANCES \$ 51,356,904

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

Cost of capital assets	\$ 117,776,953	
Accumulated depreciation	<u>(65,047,847)</u>	52,729,106

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

Property tax receivables		436,179
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Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Net difference between projected and actual earnings on pension plan investments	1,482,385	
Differences between expected and actual experience on pension plan liability	<u>(1,780,066)</u>	(297,681)

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

Accrued interest on bonds	(346,500)	
Bonds and notes payable	(25,870,529)	
Unamortized bond premiums	(392,756)	
Unamortized deferred loss on refunding	97,237	
Compensated absences	(1,285,515)	
Net pension liability	(8,973,662)	
Other post employment benefits obligation	<u>(5,036,069)</u>	<u>(41,807,794)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 62,416,714

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

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>General</u>	<u>Investment Fund</u>	<u>Community Development</u>	<u>Capital Reserve</u>
Revenues				
Taxes:				
Property	\$ 3,914,700	\$ -	\$ -	\$ -
Earned income	6,783,852	-	-	-
Amusement	1,379,123	-	-	-
Local service	983,936	-	-	-
Mercantile	1,116,110	-	-	-
Real estate transfer	1,137,327	-	-	-
Parking transaction	260,992	-	-	-
Per Capita	139,627	-	-	-
Mechanical devices	34,600	-	-	-
Fees, licenses and permits	1,089,918	-	-	6,454
Fines and forfeitures	147,825	-	-	-
Investment income and rent	101,718	633,113	-	295
Intergovernmental revenues	644,388	-	685,432	77,248
Charges for services	6,392,647	-	-	-
Contributions private sources	34,750	-	-	-
Gain (loss) on investments	-	(265,210)	-	-
Other	31,203	4,990	-	61,992
Total Revenues	<u>24,192,716</u>	<u>372,893</u>	<u>685,432</u>	<u>145,989</u>
Expenditures				
Current:				
General government	2,236,568	32,439	-	-
Public safety	12,601,387	-	-	-
Public works	4,961,057	-	-	-
Parks and recreation	-	-	-	-
Miscellaneous	499,666	-	-	-
Debt service:				
Principal	-	-	61,826	-
Interest	-	-	-	-
Capital outlay/development	-	-	623,606	1,250,652
Total Expenditures	<u>20,298,678</u>	<u>32,439</u>	<u>685,432</u>	<u>1,250,652</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>3,894,038</u>	<u>340,454</u>	<u>-</u>	<u>(1,104,663)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	15,370	-	-	-
Transfers in	162,863	-	-	2,600,000
Transfers out	(2,600,000)	-	-	(10,000)
Total Other Financing Sources (Uses)	<u>(2,421,767)</u>	<u>-</u>	<u>-</u>	<u>2,590,000</u>
Net Change in Fund Balance	1,472,271	340,454	-	1,485,337
Fund Balance - Beginning	4,029,658	39,651,257	-	1,419,231
Fund Balance - Ending	<u>\$ 5,501,929</u>	<u>\$ 39,991,711</u>	<u>\$ -</u>	<u>\$ 2,904,568</u>

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,705,750	\$ 2,670,614	\$ 9,291,064
-	-	6,783,852
-	-	1,379,123
-	-	983,936
-	-	1,116,110
-	-	1,137,327
-	-	260,992
-	-	139,627
-	-	34,600
-	-	1,096,372
-	-	147,825
1,060	24,199	760,385
-	1,422,227	2,829,295
-	342,856	6,735,503
-	20,747	55,497
-	-	(265,210)
-	33,605	131,790
<u>2,706,810</u>	<u>4,514,248</u>	<u>32,618,088</u>
32,461	-	2,301,468
-	1,363,859	13,965,246
-	1,405,993	6,367,050
-	1,294,579	1,294,579
-	-	499,666
1,900,000	-	1,961,826
706,649	-	706,649
-	2,708,344	4,582,602
<u>2,639,110</u>	<u>6,772,775</u>	<u>31,679,086</u>
<u>67,700</u>	<u>(2,258,527)</u>	<u>939,002</u>
-	-	15,370
49,912	10,000	2,822,775
<u>(32,000)</u>	<u>(111,500)</u>	<u>(2,753,500)</u>
<u>17,912</u>	<u>(101,500)</u>	<u>84,645</u>
85,612	(2,360,027)	1,023,647
<u>650,667</u>	<u>4,582,444</u>	<u>50,333,257</u>
<u>\$ 736,279</u>	<u>\$ 2,222,417</u>	<u>\$ 51,356,904</u>

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

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 1,023,647
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 4,300,250	
Depreciation expense	<u>(3,203,801)</u>	1,096,449
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(26,468)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of premiums, discounts, and losses	50,585	
Repayment of debt	<u>1,960,287</u>	2,010,872
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	2,137	
Net pension liability and deferred items	897,975	
Net other postemployment benefits obligation	(171,031)	
Interest expense	<u>(160,729)</u>	<u>568,352</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 4,672,852</u>

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

TOWNSHIP OF MIDDLETOWN

GENERAL FUND

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

For the Year Ended December 31, 2015

	GENERAL FUND			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 3,869,612	\$ 3,869,612	\$ 3,914,700	\$ 45,088
Earned income	4,000,000	6,600,000	6,783,852	183,852
Amusement	1,300,000	1,300,000	1,379,123	79,123
Local service	975,000	975,000	983,936	8,936
Mercantile	1,075,000	1,075,000	1,116,110	41,110
Real estate transfer	960,000	960,000	1,137,327	177,327
Parking transaction	225,000	225,000	260,992	35,992
Per Capita	137,000	137,000	139,627	2,627
Mechanical devices	38,000	38,000	34,600	(3,400)
Fees, licenses and permits	1,024,000	1,024,000	1,089,918	65,918
Investment income and rent	121,650	121,650	101,718	(19,932)
Intergovernmental revenues	600,383	600,383	644,388	44,005
Fines and forfeitures	173,500	173,500	147,825	(25,675)
Charges for services	6,033,030	6,033,030	6,392,647	359,617
Contributions private sources	36,500	36,500	34,750	(1,750)
Other	-	-	31,203	31,203
Total Revenues	<u>20,568,675</u>	<u>23,168,675</u>	<u>24,192,716</u>	<u>1,024,041</u>
Expenditures				
Current:				
General government	2,357,909	2,357,909	2,236,568	121,341
Public safety	12,984,930	12,984,930	12,601,387	383,543
Public works	4,916,132	4,926,132	4,961,057	(34,925)
Miscellaneous	568,555	568,555	499,666	68,889
Total Expenditures	<u>20,827,526</u>	<u>20,837,526</u>	<u>20,298,678</u>	<u>538,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(258,851)</u>	<u>2,331,149</u>	<u>3,894,038</u>	<u>1,562,889</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	15,370	15,370
Transfers in	1,162,863	1,162,863	162,863	(1,000,000)
Transfers out	-	(2,600,000)	(2,600,000)	-
Total Other Financing Sources (Uses)	<u>1,162,863</u>	<u>(1,437,137)</u>	<u>(2,421,767)</u>	<u>(984,630)</u>
Net Change in Fund Balance	904,012	894,012	1,472,271	578,259
Fund Balance - Beginning	4,029,658	4,029,658	4,029,658	-
Fund Balance - Ending	<u>\$ 4,933,670</u>	<u>\$ 4,923,670</u>	<u>\$ 5,501,929</u>	<u>\$ 578,259</u>

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

TOWNSHIP OF MIDDLETOWN

INVESTMENT FUND

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

For the Year Ended December 31, 2015

	INVESTMENT FUND			Variance with Final Budget
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Investment income and rent	\$ 1,000,000	\$ 1,000,000	\$ 633,113	\$ (366,887)
Gain (loss) on investments	-	-	(265,210)	(265,210)
Miscellaneous	800	800	4,990	4,190
Total Revenues	1,000,800	1,000,800	372,893	(627,907)
Expenditures				
Current:				
General government	42,000	42,000	32,439	9,561
Total Expenditures	42,000	42,000	32,439	9,561
Excess (Deficiency) of Revenues Over Expenditures	958,800	958,800	340,454	(618,346)
Other Financing Sources (Uses)				
Transfers out	(1,000,000)	(1,000,000)	-	1,000,000
Total Other Financing Sources (Uses)	(1,000,000)	(1,000,000)	-	1,000,000
Net Change in Fund Balance	(41,200)	(41,200)	340,454	381,654
Fund Balance - Beginning	39,651,257	39,651,257	39,651,257	-
Fund Balance - Ending	\$ 39,610,057	\$ 39,610,057	\$ 39,991,711	\$ 381,654

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

TOWNSHIP OF MIDDLETOWN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2015

	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 127,179	\$ 82,193	\$ 209,372
Accounts receivable	-	331	331
Due from other funds	-	-	-
Other assets	25,000	-	25,000
Total Current Assets	<u>152,179</u>	<u>82,524</u>	<u>234,703</u>
Noncurrent			
Land	1,155,000	2,200,000	3,355,000
Land improvements	648,439	-	648,439
Building and building improvements	1,314,179	248,586	1,562,765
Furniture and equipment	691,199	-	691,199
Less accumulated depreciation	<u>(1,538,386)</u>	<u>(61,605)</u>	<u>(1,599,991)</u>
Total capital assets (net of accumulated depreciation)	<u>2,270,431</u>	<u>2,386,981</u>	<u>4,657,412</u>
Total Assets	<u>\$ 2,422,610</u>	<u>\$ 2,469,505</u>	<u>\$ 4,892,115</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 83	\$ 38,410	\$ 38,493
Advances to other funds	-	149,364	149,364
Notes payable, current maturity	<u>73,615</u>	<u>-</u>	<u>73,615</u>
Total Current Liabilities	<u>73,698</u>	<u>187,774</u>	<u>261,472</u>
Noncurrent			
Note payable, less current maturities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>73,698</u>	<u>187,774</u>	<u>261,472</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue - special assessments	<u>12,250</u>	<u>-</u>	<u>12,250</u>
Total deferred inflows of resources	<u>12,250</u>	<u>-</u>	<u>12,250</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,196,816	2,386,981	4,583,797
Unrestricted	<u>139,846</u>	<u>(105,250)</u>	<u>34,596</u>
Total Net Position	<u>2,336,662</u>	<u>2,281,731</u>	<u>4,618,393</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,422,610</u>	<u>\$ 2,469,505</u>	<u>\$ 4,892,115</u>

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

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services			
Licensing fees	\$ 201,138	\$ 40,000	\$ 241,138
Rent	-	7,700	7,700
Total Operating Revenues	<u>201,138</u>	<u>47,700</u>	<u>248,838</u>
Operating Expenses			
Park and recreation	47,684	7,319	55,003
Depreciation	<u>67,259</u>	<u>9,205</u>	<u>76,464</u>
Total Operating Expenses	<u>114,943</u>	<u>16,524</u>	<u>131,467</u>
Operating Income (Loss)	<u>86,195</u>	<u>31,176</u>	<u>117,371</u>
Nonoperating Revenues (Expense)			
Interest income	49	-	49
Interest expense	<u>(3,023)</u>	<u>-</u>	<u>(3,023)</u>
Total Nonoperating Revenues (Expense)	<u>(2,974)</u>	<u>-</u>	<u>(2,974)</u>
Income (Loss) before Transfers	83,221	31,176	114,397
Transfers out	<u>(56,586)</u>	<u>(12,689)</u>	<u>(69,275)</u>
Changes in Net Position	26,635	18,487	45,122
Total Net Position - Beginning	<u>2,310,027</u>	<u>2,263,244</u>	<u>4,573,271</u>
Total Net Position - Ending	<u>\$ 2,336,662</u>	<u>\$ 2,281,731</u>	<u>\$ 4,618,393</u>

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

TOWNSHIP OF MIDDLETOWN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	Proprietary Fund Types		
	Country Club	Farm Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 243,433	\$ 48,198	\$ 291,631
Cash paid to employees	(5,389)	(5,389)	(10,778)
Cash paid to suppliers	(42,473)	(2,272)	(44,745)
Net cash provided by (used in) operating activities	<u>195,571</u>	<u>40,537</u>	<u>236,108</u>
Cash flows from non-capital financing activities			
Payments to interfund balances	(61,885)	700	(61,185)
Transfers to other funds	(56,586)	(12,689)	(69,275)
Net cash provided by (used in) non-capital financing activities	<u>(118,471)</u>	<u>(11,989)</u>	<u>(130,460)</u>
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(75,833)	-	(75,833)
Interest paid on long-term debt	(3,023)	-	(3,023)
Net cash provided by (used in) capital and related financing activities	<u>(78,856)</u>	<u>-</u>	<u>(78,856)</u>
Cash flows from investing activities			
Earnings on investments	49	-	49
Net cash provided by (used in) investing activities	<u>49</u>	<u>-</u>	<u>49</u>
Net increase (decrease) in cash and cash equivalents	(1,707)	28,548	26,841
Beginning cash and cash equivalents	128,886	53,645	182,531
Ending cash and cash equivalents	<u>\$ 127,179</u>	<u>\$ 82,193</u>	<u>\$ 209,372</u>

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

Net operating income (loss)	\$ 86,195	\$ 31,176	\$ 117,371
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities			
Depreciation	67,259	9,205	76,464
Changes in assets and liabilities			
(Increase) decrease in receivables	42,295	498	42,793
Increase (decrease) in accounts payables	(178)	(342)	(520)
Increase (decrease) in deferred revenues	-	-	-
Net adjustments	<u>109,376</u>	<u>9,361</u>	<u>118,737</u>
Cash provided (used) by operating activities	<u>\$ 195,571</u>	<u>\$ 40,537</u>	<u>\$ 236,108</u>

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

TOWNSHIP OF MIDDLETOWN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2015

	<u>Pension Trust and Other Employee Benefit Trust Funds</u>	<u>Private Purpose Trust Fire Company District</u>	<u>Agency Funds Township Escrow</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,256,382	\$ 110,153	\$ 2,472,995
Receivables:			
Accrued interest	144,723	-	-
Investments, at fair value:			
U.S. government obligations	3,399,547	-	-
Government sponsored mortgages	492,274	-	-
Corporate obligations	5,384,622	-	-
Municipal obligations	4,840,333	-	-
Mortgages	2,318,281	-	-
Foreign obligations	277,188	-	-
Partnership traded	64,119	-	-
Stock equities	<u>20,924,802</u>	<u>-</u>	<u>-</u>
Total investments	<u>37,701,166</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 42,102,271</u>	<u>\$ 110,153</u>	<u>\$ 2,472,995</u>
 <u>LIABILITIES</u>			
Deposits and refunds	\$ -	\$ -	\$ 2,168,294
Due to other governments	-	109,786	-
Other liabilities	<u>102</u>	<u>-</u>	<u>304,701</u>
Total Liabilities	<u>102</u>	<u>109,786</u>	<u>2,472,995</u>
 <u>NET POSITION</u>			
Net Position - Restricted for:			
Pension benefits	41,630,379	-	-
Other post employment benefits	471,790	-	-
Fire company district	-	367	-
Total Net Position	<u>\$ 42,102,169</u>	<u>\$ 367</u>	<u>\$ -</u>

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

TOWNSHIP OF MIDDLETOWN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2015

	<u>Pension Trust and Other Employee Benefit Trust Funds</u>	<u>Private Purpose Trust Fire Company District</u>
Additions		
Contributions		
Employee contributions	\$ 425,670	\$ -
Township contributions	2,113,922	330,001
State aid	529,313	-
Insurance proceeds	<u>79,579</u>	<u>-</u>
Total Contributions	<u>3,148,484</u>	<u>330,001</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	(104,312)	-
Interest and dividend income	<u>1,033,497</u>	<u>283</u>
Total investment earnings	<u>929,185</u>	<u>283</u>
Total Additions	<u>4,077,669</u>	<u>330,284</u>
Deductions		
Benefits	2,698,604	-
Administrative expenses	383,684	-
Purchase of equipment	<u>-</u>	<u>776,101</u>
Total Deductions	<u>3,082,288</u>	<u>776,101</u>
Change in Net Position	995,381	(445,817)
Net Position - Restricted:		
Beginning of Year	<u>41,106,788</u>	<u>446,184</u>
End of Year	<u>\$ 42,102,169</u>	<u>\$ 367</u>

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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.

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

Government-Wide Financial Statements

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

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

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

Basis of Presentation - Fund Accounting and Measurement Focus

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

Governmental Fund Types

Governmental Funds are those through which the majority of governmental functions of the Township are financed. The acquisition, use and balances of the expendable financial resources and the related liabilities (except those accounted for in the Proprietary Funds) are accounted for through Governmental Funds. The government reports the following major governmental funds:

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

The *Investment Fund* is used to account for the revenue derived from the sale of the water and sewer operations, the principal investment from the proceeds of \$39,000,000 is committed by the Board of Supervisors for use in a state of emergency.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Curb/Road Revolving Fund	GOB Issue Fund	Contingency Fund
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TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

Proprietary Fund Types

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

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

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

Fiduciary Funds

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

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

Non-Uniformed Pension Plan
Police Pension Plan

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

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.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

Budgetary Accounting Controls

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

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

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

Use of Estimates

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

Cash Equivalents and Investments

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

Receivables

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

Millage rates approved in the 2015 budget:

	<u>Mills</u>
General Fund	7.3400
Highway Lighting	0.9880
Fire Protection	1.3750
Park and Recreation	1.9200
Ambulance and Rescue	0.3950
Debt Service	5.1450
Fire Hydrant	0.1070
Road Machinery	<u>0.3000</u>
	<u>17.5700</u>

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

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

Capital Assets and Depreciation

The Township's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

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

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

Accrued Salaries and Wages

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

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

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

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

Compensated Absences

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

Any liability is accrued in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

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

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

Net Position

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

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

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

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

Fund Balance

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

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

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

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

Emergency Reserve - by Board Resolution, the Investment Fund principal of \$39,000,000 is held in reserve and not available for normal expenditure in annual budgets or to supplement normal and ordinary budgetary operational and capital expenditures. The funds may be spent under two circumstances: (i) Through board resolution if a state of emergency has been declared by the Board of Supervisors, as the result of a natural or economic disaster; or (ii) Through approval by a referendum of the citizens of the Township.

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

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

Interfund Transfers

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

Prepaid Items

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

A. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

1. *Unamortized deferred loss on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
2. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.

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

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
2. *Deferred revenue - special assessments* is reported in the government-wide statement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
3. *Unavailable revenue - property taxes, Unavailable revenue – special assessments* are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 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).

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

B. Deposits and Investments (Continued)

- 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).

As of December 31, 2015, the Township had the following investments:

	<u>Fair</u> <u>Value</u>	<u>Moody's</u> <u>Rating</u>	<u>Maturity</u> <u>(Years)</u>
GOVERNMENTAL ACTIVITIES			
Externally Pooled Investments (PLGIT)	\$ 5,279,848	AAAm	Not applicable
PA Treasury Invest Community Pool	11,996	AAAm	Not applicable
U.S. Government Obligations	38,446,229	AAA	5.65
Certificates of Deposit	<u>1,195,898</u>	Not applicable	1.00
	<u>\$ 44,933,971</u>		
FIDUCIARY FUNDS			
U.S. Government Obligations	\$ 3,399,547	Aaa-AAA	2.99
Government Sponsored Mortgages	492,274	Aa3-Aaa	20.49
Corporate Obligations	5,384,622	Baa1-Aa3	6.12
Municipal Obligations	4,840,333	A1-Aaa	5.49
Mortgages	2,318,281	Aaa-AAA	27.50
Foreign Obligations	277,188	Aa1	8.11
Partnership Traded	64,119	Not applicable	Not applicable
Stock Equities	<u>20,924,802</u>	Not applicable	Not applicable
	<u>\$ 37,701,166</u>		

Custodial Credit Risk-Deposits - is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. For disclosure purposes, deposits include checking, savings, demand and time deposits, and money market accounts at financial institutions. As of December 31, 2015, the Township's bank balance was \$13,052,772. Of that balance, \$12,521,941 was exposed to custodial credit risk: \$11,219,400 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name, and \$1,302,541 was uncollateralized.

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 AAAM by a nationally recognized statistical rating organization, and is subject to an independent annual audit. These deposits are considered cash equivalents because of their short maturity dates and are included above.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

B. Deposits and Investments (Continued)

Custodial Credit Risk-Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The risk of default is eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed above.

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

Concentration of Credit Risk - is the concentration of investments in anyone single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Township's policy is to diversify the investment portfolio by security type and institution. No more than 50% of the Township's total investment portfolio managed by one investment manager will be invested in a single security type or with a single financial institution with the exception of US. Treasury Securities and authorized pools. At December 31, 2015, 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. The weighted average maturities are disclosed in the chart on the previous page.

Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2015, \$2,472,995 represents the balance of these monies held in escrow.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

C. Receivables

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

	<u>General</u>	<u>Investment Fund</u>	<u>Community Development</u>	<u>Debt Service</u>	<u>Farm Fund</u>	<u>Pension Trust Funds</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes receivable	\$ 84,690	\$ -	\$ -	\$ 59,454	\$ -	\$ -	\$ 52,835	\$ 196,979
Special assessment	61,540	-	-	-	-	-	3,656	65,196
Accounts receivable	343,967	9,906	149,960	-	331	-	73,223	577,387
Accrued interest	-	-	-	-	-	144,723	-	144,723
Revenue receivable	<u>285,276</u>	<u>-</u>	<u>-</u>	<u>2,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,505</u>
Gross Receivables	775,473	9,906	149,960	61,683	331	144,723	129,714	1,271,790
Less: allowance for uncollectibles	<u>(172,322)</u>	<u>-</u>	<u>-</u>	<u>(713)</u>	<u>-</u>	<u>-</u>	<u>(703)</u>	<u>(173,738)</u>
Net Total Receivables	<u>\$ 603,151</u>	<u>\$ 9,906</u>	<u>\$ 149,960</u>	<u>\$ 60,970</u>	<u>\$ 331</u>	<u>\$ 144,723</u>	<u>\$ 129,011</u>	<u>\$ 1,098,052</u>

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

D. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,327,435	\$ -	\$ -	\$ 8,327,435
Construction in progress	<u>877,773</u>	<u>-</u>	<u>(877,773)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>9,205,208</u>	<u>-</u>	<u>(877,773)</u>	<u>8,327,435</u>
Capital assets, being depreciated:				
Land improvements	6,586,051	-	-	6,586,051
Building and building improvements	20,375,524	-	-	20,375,524
Machinery and equipment	8,276,500	2,074,341	(193,291)	10,157,550
Infrastructure	<u>69,226,711</u>	<u>3,103,682</u>	<u>-</u>	<u>72,330,393</u>
Total capital assets being depreciated	<u>104,464,786</u>	<u>5,178,023</u>	<u>(193,291)</u>	<u>109,449,518</u>
Less accumulated depreciation for:				
Land improvements	3,327,408	303,360	-	3,630,768
Building and building improvements	5,263,382	433,799	-	5,697,181
Machinery and equipment	6,425,521	859,675	(193,291)	7,091,905
Infrastructure	<u>47,021,026</u>	<u>1,606,967</u>	<u>-</u>	<u>48,627,993</u>
Total accumulated depreciation	<u>62,037,337</u>	<u>3,203,801</u>	<u>(193,291)</u>	<u>65,047,847</u>
Total capital assets, being depreciated, net	<u>42,427,449</u>	<u>1,974,222</u>	<u>-</u>	<u>44,401,671</u>
Governmental activities capital assets, net	<u>\$ 51,632,657</u>	<u>\$ 1,974,222</u>	<u>\$ (877,773)</u>	<u>\$ 52,729,106</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,355,000	\$ -	\$ -	\$ 3,355,000
Total capital assets, not being depreciated	<u>3,355,000</u>	<u>-</u>	<u>-</u>	<u>3,355,000</u>
Capital assets, being depreciated:				
Land improvements	648,439	-	-	648,439
Building and building improvements	1,562,765	-	-	1,562,765
Furniture and equipment	<u>691,199</u>	<u>-</u>	<u>-</u>	<u>691,199</u>
Total capital assets being depreciated	<u>2,902,403</u>	<u>-</u>	<u>-</u>	<u>2,902,403</u>
Less accumulated depreciation for:				
Land improvements	457,946	29,322	-	487,268
Building and building improvements	423,898	35,489	-	459,387
Furniture and equipment	<u>641,683</u>	<u>11,653</u>	<u>-</u>	<u>653,336</u>
Total accumulated depreciation	<u>1,523,527</u>	<u>76,464</u>	<u>-</u>	<u>1,599,991</u>
Total capital assets, being depreciated, net	<u>1,378,876</u>	<u>(76,464)</u>	<u>-</u>	<u>1,302,412</u>
Business-type activities capital assets, net	<u>\$ 4,733,876</u>	<u>\$ (76,464)</u>	<u>\$ -</u>	<u>\$ 4,657,412</u>

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

D. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 261,674
Public safety	617,420
Public works	416,244
Parks and recreation	<u>301,496</u>
Subtotal	1,596,834
Unallocated expense	<u>1,606,967</u>
Total depreciation expense-governmental activities	<u>\$ 3,203,801</u>
Business-type activities:	
Country Club	\$ 67,259
Farm Fund	<u>9,205</u>
Total depreciation expense-business-type activities	<u>\$ 76,464</u>

E. Bond and Other Long-Term Debt

General Obligation Bonds, Series 2014

In June of 2014, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$9,820,000 to currently refund the Township's G.O. bond Series 2009, to pay for capital projects, and to pay the costs of issuing the bonds. The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 2.00% to 4.00%. Interest of \$242,068 and principal of \$350,000 were paid in 2015. Principal and interest payments will be made until maturity in 2025 as follows:

Year Ending	Principal	Interest	Total
<u>December 31</u>	<u> </u>	<u> </u>	<u> </u>
2016	\$ 235,000	\$ 235,067	\$ 470,067
2017	555,000	228,018	783,018
2018	985,000	205,818	1,190,818
2019	1,030,000	166,417	1,196,417
2020	1,070,000	125,217	1,195,217
2021-2025	<u>4,935,000</u>	<u>282,278</u>	<u>5,217,278</u>
Total	<u>\$ 8,810,000</u>	<u>\$ 1,242,815</u>	<u>\$ 10,052,815</u>

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

General Obligation Bonds, Series 2012

In November of 2012, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$8,925,000 to currently refund the Township's G.O. bond Series 2008 and to pay the costs of issuing the bonds. The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 1.00% to 4.00%. Interest of \$209,963 and principal of \$365,000 were paid in 2015. Principal and interest payments will be made until maturity in 2029 as follows:

Year Ending December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 520,000	\$ 195,363	\$ 715,363
2017	545,000	174,563	719,563
2018	565,000	152,763	717,763
2019	575,000	141,463	716,463
2020	585,000	133,700	718,700
2021-2025	3,070,000	509,600	3,579,600
2026-2029	<u>2,695,000</u>	<u>163,850</u>	<u>2,858,850</u>
Total	<u>\$ 8,555,000</u>	<u>\$ 1,471,302</u>	<u>\$ 10,026,302</u>

General Obligation Bonds, Series 2011

In August of 2011, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$8,560,000 to currently refund the Township's G.O. bond Series 2006 and G.O. Note Series 2000 and to pay the costs of issuing the bonds. The bonded debt is comprised of serially numbered bonds. Interest is payable February 15 and August 15 until maturity. Interest rates range from 1.00% to 3.625%. Interest of \$216,538 and principal of \$560,000 were paid in 2015. Principal and interest payments will be made until maturity in 2026 as follows:

Year Ending December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 565,000	\$ 202,538	\$ 767,538
2017	585,000	188,413	773,413
2018	600,000	176,712	776,712
2019	610,000	164,713	774,713
2020	625,000	149,462	774,462
2021-2025	3,220,000	463,725	3,683,725
2026-2029	<u>710,000</u>	<u>25,737</u>	<u>735,737</u>
Total	<u>\$ 6,915,000</u>	<u>\$ 1,371,300</u>	<u>\$ 8,286,300</u>

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

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 \$38,081 and principal of \$625,000 were paid in 2015. Principal and interest payments will be made until maturity in 2017 as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 635,000	\$ 25,581	\$ 660,581
2017	400,000	10,500	410,500
Total	<u>\$ 1,035,000</u>	<u>\$ 36,081</u>	<u>\$ 1,071,081</u>

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, 2015, there were no advanced refunded bonds outstanding that were defeased.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

Middletown County Club Note

As of December 31, 2015, the outstanding principal balance of the note payable for the purchase of the Middletown Country Club was \$73,615. 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 variable rate in effect at December 31, 2015 was .998%. The principal payment in 2015 was \$75,833. A schedule of the Township's debt service requirements is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 73,615	\$ -	\$ 73,615

County Radio Note

In 2014, Middletown Township obtained radio equipment through the County of Bucks, paid for through a promissory note payable to the County. As of December 31, 2015, the outstanding principal balance of the note payable for the purchase of the radio equipment was \$555,529. The note is payable in annual installments based on a eight-year amortization schedule through July 2022, with interest accruing at a 1.5% per annum. The principal payment in 2015 was \$60,287. A schedule of the Township's debt service requirements is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 90,181	\$ 6,944	\$ 97,125
2017	90,145	6,980	97,125
2018	91,497	5,628	97,125
2019	92,869	4,256	97,125
2020	94,262	2,863	97,125
2021-2022	96,575	1,463	98,038
Total	<u>\$ 555,529</u>	<u>\$ 28,134</u>	<u>\$ 583,663</u>

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

Long-Term Liabilities Summary

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bondspayable					
G.O. Bonds 2014	\$ 9,160,000	\$ -	\$ (350,000)	\$ 8,810,000	\$ 235,000
G.O. Bonds 2012	8,920,000	-	(365,000)	8,555,000	520,000
G.O. Bonds 2011	7,475,000	-	(560,000)	6,915,000	565,000
G.O. Bonds 2010	1,660,000	-	(625,000)	1,035,000	635,000
G.O. Bonds 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	27,215,000	-	(1,900,000)	25,315,000	1,955,000
Deferred amounts:					
For issuance premiums	546,773	-	(71,092)	475,681	-
For issuance discounts	<u>(92,138)</u>	<u>-</u>	<u>9,213</u>	<u>(82,925)</u>	<u>-</u>
Total bonds payable	27,669,635	-	(1,961,879)	25,707,756	1,955,000
Notes payable	615,816	-	(60,287)	555,529	90,181
Compensated absences	1,287,652	889,996	(892,133)	1,285,515	91,550
Net pension liability (restated)	9,683,193	4,566,396	(5,275,927)	8,973,662	-
Net OPEB obligation	<u>4,865,038</u>	<u>347,145</u>	<u>(176,114)</u>	<u>5,036,069</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 44,121,334</u>	<u>\$ 5,803,537</u>	<u>\$ (8,366,340)</u>	<u>\$ 41,558,531</u>	<u>\$ 2,136,731</u>
Business-type activities:					
Middletown Country Club Note	<u>\$ 149,448</u>	<u>\$ -</u>	<u>\$ (75,833)</u>	<u>\$ 73,615</u>	<u>\$ 71,427</u>

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

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

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,045,181	\$ 665,493	\$ 73,615	\$ -
2017	2,175,145	608,473	-	-
2018	2,241,497	540,921	-	-
2019	2,307,869	476,849	-	-
2020	2,374,262	411,243	-	-
2021-2025	11,321,575	1,257,065	-	-
2026-2029	<u>3,405,000</u>	<u>189,588</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 25,870,529</u>	<u>\$ 4,149,632</u>	<u>\$ 73,615</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

F. 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. An additional fixed rental increase of \$37,434 per year has been set, due to capital improvements to the building, to be used towards paying down debt service. The Township maintains a fund that records the general capital assets acquired at the time of purchase, the general long-term debt obligation for the purchase, the debt service payments and the revenues generated from the lease agreement. Revenue generated from this lease has been designated to repay the obligations financed. The management company is solely responsible for the day-to-day operations of the Country Club and exclusively responsible for administration of its fiscal affairs.

G. Employee Retirement Systems

Defined Benefit Plan Description and Membership

Middletown Township sponsors two single-employer defined benefit pension plans the Police Pension Plan and the Non-Uniformed Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2015. Details below are from the valuation.

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

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

The Middletown Board of Supervisors has established an informal employee committee, the Pension Committee, for the purpose of reviewing investment managers and the investment performance thereof, for both the Police Pension Plan, and the General Pension Plan. The Pension Committee consists of 9 members - six of which are appointed members by their respective unions, and three from management; specifically two members of the Middletown Department of Public Works Collective Bargaining Unit, two members of the Middletown Police Collective Bargaining Unit, two members of the Middletown Teamsters Collective Bargaining Unit, the Chief of Police, the Finance Director, and the Chief Administrative Officer of the Pensions.

At December 31, 2015, Middletown Township Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Non-Uniform</u>
Inactive employees (or their beneficiaries) currently receiving benefits (1)	59	17
Inactive employees entitled to benefits but not yet receiving them	2	6
Active employees	<u>45</u>	<u>40</u>
	<u>106</u>	<u>63</u>

(1) Police: includes 9 DROP members

Benefits Provided - Police Pension Plan

Police Pension Plan - The pension plan provides retirement benefits as well as death, disability, survivor and late retirement benefits. Benefits vest after 12 years of service. 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% of their average compensation, plus a service increment of \$50 per month for each completed year of benefit service in excess of 25 years of benefit service, up to a maximum service increment of \$100 per month. Average compensation is calculated as the average of base salary, longevity pay, vacation pay, holiday pay, education incentive pay and overtime and excluding all unused sick, vacation and holiday pay paid at termination, over the final 36 months of employment. A member's earned or accrued benefit prior to his normal retirement date is equal to the benefit calculated under the normal retirement benefit formula, multiplied by the ratio of his years of benefit service to date to the total years of benefit service he would have worked had he continued employment to his normal retirement date. Members who retired on or after January 1, 1991 are eligible to receive an annual cost-of-living adjustment, effective each January 1 after retirement, based upon the certain criteria and limitations.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Benefits Provided - Police Pension Plan (continued)

If a member who was hired prior to January 1, 2008 is disabled in the line of duty, he will receive a disability retirement pension equal to 50% of the salary he was receiving at the time of disablement reduced by any Social Security disability benefits payable due to the same illness or injury or, if greater, 75% of average compensation, offset by any workers' compensation benefits and by any income earned from other employment in excess of \$75,000 per year (adjusted after 2002 by increase in the CIP-U), but not less than \$25,000 per year. For members hired on or after January 1, 2008, the disability retirement benefit will be equal to 50% of the salary he was receiving at the time of disablement reduced by any Social Security disability benefits payable due to the same illness or injury or, if greater, 60% (90% if the disability precludes any gainful employment) of average compensation, offset by any workers' compensation benefits and by any income earned from other employment in excess of \$75,000 per year (adjusted after 2002 by increased in the CPI-U), but not less than \$25,000 per year.

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

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.

Benefits Provided - Non-Uniformed Pension Plan

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Benefits Provided - Non-Uniformed Pension Plan (continued)

The hypothetical account balance is equal to (1) the employee contribution account, consisting of the member's accumulated contributions with interest; plus (2) the employer a contribution account, consisting of the initial account balance equal to the member's accumulated contributions with interest at January 1, 1987 plus employer credits of 7% of compensation, credited with interest at 6% per year. The initial balance for plan members at December 31, 1986 is equal to their accumulated contributions with interest as of January 1, 1987. Compensation is defined as the base salary received by an employee, excluding bonuses, commissions, overtime payments or any additional forms of pay.

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

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

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

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Measurement Focus and Basis of Accounting

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

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

Contributions

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

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

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

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Contributions (continued)

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 \$529,313 for the pension for the year ended December 31, 2015.

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
Township contributions	\$ 1,932,158	\$ 131,764	\$ 2,063,922
Employee contributions	298,954	126,716	425,670
State aid	352,875	176,438	529,313
	<u>\$ 2,583,987</u>	<u>\$ 434,918</u>	<u>\$ 3,018,905</u>

Investments

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

Rate of Return: For the year ended December 31, 2015, the annual money-weighted rate of return on Plan investments, net of investment expense was 7.5% for Non-Uniform and 7.5% for Police. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2015 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 45,819,450	\$ 7,522,614
Plan fiduciary net position	<u>(37,062,623)</u>	<u>(7,305,779)</u>
Net pension liability	<u>\$ 8,756,827</u>	<u>\$ 216,835</u>

Plan fiduciary net position as a		
percentage of the total pension liability	81%	97%

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Actuarial Assumptions: The total pension liability in the January 1, 2013 actuarial valuation for Non-Uniformed and Police Pension plan was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniform</u>	
Inflation	3.0%	3.0%	
Salary Increases	4.5%	4.5%	(including inflation)
Investment Rate of Return	7.5%	7.5%	(net of pension plan investment expense, including inflation)
Postretirement Cost of Living Increase	3.0%	0.0%	

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

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014.

The net pension liability for Police was measured as of December 31, 2015 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>Expected Rate</u>
		<u>of Return</u>
Domestic Stocks		
Large Cap	45.00%	7.00%
Mid/Small Cap	7.00%	8.00%
International Stocks	5.00%	7.00%
Bonds	40.00%	2.25%
Cash	<u>3.00%</u>	1.00%
	<u>100.00%</u>	

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.5% for both the Non-Uniformed and Police Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	<u>Liability</u>	<u>Net Postion</u>	<u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2014	\$ 46,108,239	\$ 36,680,017	\$ 9,428,222
Changes for the year:			
Service cost	1,276,152	-	1,276,152
Interest	3,290,244	-	3,290,244
Change of benefit terms	-	-	-
Differences between expected and actual experience	(2,173,755)	-	(2,173,755)
Change of assumptions	-	-	-
Contributions - employer	-	2,285,033	(2,285,033)
Contributions - employee	-	287,846	(287,846)
Net investment income	-	792,419	(792,419)
Benefit payments, including refunds of employee contributions	(2,681,430)	(2,681,430)	-
Administrative expense	-	(301,262)	301,262
Other changes	-	-	-
Net Changes	(288,789)	382,606	(671,395)
Balance at December 31, 2015	\$ 45,819,450	\$ 37,062,623	\$ 8,756,827

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2014	\$ 7,296,012	\$ 7,041,041	\$ 254,971
Changes for the year:			
Service cost	176,804	-	176,804
Interest	533,592	-	533,592
Change of benefit terms	-	-	-
Differences between expected and actual experience	(232,708)	-	(232,708)
Change of assumptions	-	-	-
Contributions - employer	-	308,202	(308,202)
Contributions - employee	-	121,892	(121,892)
Net investment income	-	166,261	(166,261)
Benefit payments, including refunds of employee contributions	(251,086)	(251,086)	-
Administrative expense	-	(80,531)	80,531
Other changes	-	-	-
Net Changes	<u>226,602</u>	<u>264,738</u>	<u>(38,136)</u>
Balance at December 31, 2015	<u>\$ 7,522,614</u>	<u>\$ 7,305,779</u>	<u>\$ 216,835</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Net pension liability			
Police	\$ 13,334,673	\$ 8,756,827	\$ 4,700,326
Non-Uniformed	1,084,708	216,835	(403,714)

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2015, the Township recognized pension expense of \$1,561,725 for Police Pension and \$133,535 for Non-Uniformed Pension. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 1,594,087
Net difference between projected and actual earnings on pension plan investments	<u>1,280,285</u>	<u>-</u>
Total	<u>\$ 1,280,285</u>	<u>\$ 1,594,087</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 185,979
Net difference between projected and actual earnings on pension plan investments	<u>202,100</u>	<u>-</u>
Total	<u>\$ 202,100</u>	<u>\$ 185,979</u>

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

Year Ended December 31:	<u>Police</u>	<u>Non-Uniformed</u>
2016	\$ (282,454)	\$ (3,729)
2017	(282,454)	(3,729)
2018	(137,536)	(3,731)
2019	<u>388,642</u>	<u>27,310</u>
Total	<u>\$ (313,802)</u>	<u>\$ 16,121</u>

Payable to the Pension Plan: For the year ended December 31, 2015, there was no amount payable for contributions to the pension plan.

Deferred Retirement Option Program

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 96 months after entering the DROP. As of December 31, 2015, the DROP account balance of \$2,604,459 is held by the plan pursuant to the DROP.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

G. Employee Retirement Systems (Continued)

The following summarizes financial information of the Police Pension Plan and the Non-Uniform Pension Plan as of and for the year ended December 31, 2015.

Combining Statement of Net Position

	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,055,823	\$ 728,667	\$ 3,784,490
Interest receivable	121,510	23,213	144,723
Investments, at fair value:			
U.S. government obligations	2,779,248	620,299	3,399,547
Government sponsored mortgages	405,072	87,202	492,274
Corporate obligations	4,384,269	1,000,353	5,384,622
Municipal obligations	3,996,648	843,685	4,840,333
Mortgages	1,977,913	340,368	2,318,281
Foreign obligations	249,112	28,076	277,188
Partnerships traded	52,684	11,435	64,119
Stock equities	<u>17,277,794</u>	<u>3,647,008</u>	<u>20,924,802</u>
Total Assets	<u>34,300,073</u>	<u>7,330,306</u>	<u>41,630,379</u>
 Net position restricted for pension benefits	 <u>\$ 34,300,073</u>	 <u>\$ 7,330,306</u>	 <u>\$ 41,630,379</u>

Combining Statement of Changes in Net Position

	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
Additions			
Contributions			
Member contributions	\$ 298,954	\$ 126,716	\$ 425,670
Employer contributions	1,932,158	131,764	2,063,922
State Aid	352,875	176,438	529,313
Insurance proceeds	<u>79,579</u>	<u>-</u>	<u>79,579</u>
Total Contributions	<u>2,663,566</u>	<u>434,918</u>	<u>3,098,484</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	(93,401)	(10,911)	(104,312)
Interest and dividends	<u>853,062</u>	<u>180,236</u>	<u>1,033,298</u>
Total investment earnings	<u>759,661</u>	<u>169,325</u>	<u>928,986</u>
Net investment income	<u>759,661</u>	<u>169,325</u>	<u>928,986</u>
Total Additions	<u>3,423,227</u>	<u>604,243</u>	<u>4,027,470</u>
Deductions			
Benefits	2,441,653	256,951	2,698,604
Administrative expenses	<u>301,988</u>	<u>80,696</u>	<u>382,684</u>
Total Deductions	<u>2,743,641</u>	<u>337,647</u>	<u>3,081,288</u>
Net Increase	679,586	266,596	946,182
Net Position Restricted for Pension Benefits			
Beginning of Year	<u>33,620,487</u>	<u>7,063,710</u>	<u>40,684,197</u>
End of Year	<u>\$ 34,300,073</u>	<u>\$ 7,330,306</u>	<u>\$ 41,630,379</u>

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

H. Deferred Compensation Plan

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

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

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

I. Post Employment Benefits Other Than Pensions

Plan Description: The Township's post employment benefits other than pensions is a single-employer plan 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 plan does not issue a separate financial statement.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

I. Post Employment Benefits Other Than Pensions (Continued)

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.

The following summarizes financial information of the police post-retirement health benefit plan as of and for the year ended December 31, 2015.

Combining Statement of Net Position	<u>OPEB</u>
Assets: Cash and cash equivalents	\$ 471,892
Less: Liabilities	<u>(102)</u>
Net position restricted for pension benefits	<u>\$ 471,790</u>
Combining Statement of Changes in Net Position	
Additions	
Contributions: Township	\$ 50,000
Investment Income: Interest	<u>199</u>
Total Additions	<u>50,199</u>
Deductions	
Administrative Expenses	<u>1,000</u>
Net Increase	49,199
Net Position Restricted for Pension Benefits	
Beginning of Year	<u>422,591</u>
End of Year	<u>\$ 471,790</u>

Membership of the plan consisted of the following at January 1, 2014 (the date of the latest actuarial valuation):

	<u>OPEB</u>
Retirees and beneficiaries currently receiving benefits	50
Terminated employees entitled to benefits but not yet receiving them	-
Active plan members	<u>52</u>
Total membership	<u>102</u>

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

I. Post Employment Benefits Other Than Pensions (Continued)

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 2015, the Township contributed \$50,000 to the plan, in addition to the premiums paid directly. The insurance premiums paid directly for December 31, 2015 was \$70,619. Plan members are not required to contribute to the plan.

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:

	<u>OPEB</u>
Annual required contribution	\$ 507,072
Interest on net OPEB obligation	191,621
Adjustments to annual required contribution	(351,548)
Annual OPEB cost	347,145
Contributions made	(176,114)
Increase in net OPEB obligation	171,031
Net OPEB obligation (asset) at beginning of year	4,865,038
Net OPEB obligation (asset) at end of year	\$ 5,036,069

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending 2015 and the preceding fiscal years were as follows:

<u>OPEB</u>	Annual	Percentage	Net
Fiscal Year	OPEB	of Annual	OPEB
<u>Ending</u>	<u>Cost</u>	<u>OPEB Cost</u>	<u>Obligation</u>
		<u>Contributed</u>	<u>(Asset)</u>
12/31/2013	\$ 845,749	9%	\$ 4,499,306
12/31/2014	426,849	32%	4,865,038
12/31/2015	347,145	42%	5,036,069

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

I. Post Employment Benefits Other Than Pensions (Continued)

Funded Status and Funding Progress

As of January 1, 2014, the date of the latest actuarial valuation, the funded status and progress was as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
OPEB	\$ -	\$ 5,202,395	\$ 5,202,395	0.0%	\$ 5,418,282	96.02%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

Methods and Assumptions

As of January 1, 2014, the date of the latest actuarial valuation, the assumptions were:

	OPEB
Date of actuarial valuation	1/1/2014
Investment rate of return	4%
Projected salary increases	5%
Inflation rate	3%
Cost method	Entry Age Normal
Amortization method	Level % Open
Amortization period	30 years

Health care cost trend rate

Health insurance premiums are assumed to increase by 6% per year. For dental and vision coverage, premiums are assumed to increase 5% per year.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

I. Post Employment Benefits Other Than Pensions (Continued)

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.

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 rates from the RP-2000 table, blended rates for small employer, 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.

Based on the historical and expected returns of the Township's short-term investment portfolio, a discount rate of 4 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 payrolls on an open basis. The remaining amortization period at January 1, 2014, the most recent actuarial valuation, 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.

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

I. 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.

J. Interfund Advances and Transfers

Interfund Advances

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

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

The liability for these loans is reflected in the funds stated below. The receivables are recorded in the Contingency Fund. The following summary reflects the changes for the year ended December 31, 2015.

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Due within</u> <u>One year</u>
Proprietary Funds					
Country Club Fund	\$ 61,885	\$ -	\$ (61,885)	\$ -	\$ -
Farm Fund	<u>149,364</u>	<u>-</u>	<u>-</u>	<u>149,364</u>	<u>-</u>
	<u>\$ 211,249</u>	<u>\$ -</u>	<u>\$ (61,885)</u>	<u>\$ 149,364</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

J. Interfund Advances and Transfers (Continued)

Proprietary Funds

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

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Final Due Date</u>	<u>Outstanding 12/31/2014</u>	<u>Outstanding 12/31/2015</u>
Proprietary Funds						
Farm Fund	\$ 214,764	0.00%	\$ -	Not Stated	\$ <u>149,364</u>	\$ <u>149,364</u>

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.

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 162,863	\$ 2,600,000
Capital Reserve	2,600,000	10,000
Debt Service	49,912	32,000
Other Governmental Funds	10,000	111,500
Country Club	-	56,586
Farm Fund	-	12,689
Total	<u>\$ 2,822,775</u>	<u>\$ 2,822,775</u>

Interfund transfers are primarily the result of:

- (1) to reimburse for expenditures

Due From/To Other Funds

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 45,778	\$ 96,059
Community Development	323,124	470,244
Capital Reserve	486,272	322,427
Debt Service	18,680	-
Other Governmental Funds	84,439	69,563
Farm Fund	-	-
Total	<u>\$ 958,293</u>	<u>\$ 958,293</u>

Interfund balances are primarily the result of:

- (1) to reimburse for expenditures

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

K. Risk Management

The Township is exposed to various risks of loss related to third-party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, and injuries to employees. As a method of protection against the risk, the Township purchases commercial insurance coverage.

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

- For the Non-Police Employees, in the 2015-2016 plan year, the Township will only cover 80% of the deductible amount of the insurance and these employees will be required to pay a portion of the insurance premiums based on their base pay level - tiered approach 6%, 8%, or 10% depending on base pay level. The Township has set up a Section 125 plan for this.
- For the 2015-2016 plan year, the Township continues to fund 100% of the deductible for the Police, and no contributions towards premium are required of the police.

The amount of settlements did not exceed insurance coverage for the past three years. There have been no significant reductions in insurance coverage during the year ended December 31, 2015. The maximum exposure for these costs in 2015-2015 plan year was \$521,000. The total actual charges incurred by the Township for these deductibles in 2015 were \$335,357. There were no outstanding or unpaid claims at year end.

L. Litigation

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

M. Subsequent Events

Management has evaluated subsequent events that occurred after the balance sheet date but before June 12, 2015, the date the financial statements were available for release. No items were determined by management that requires recognition or disclosure.

N. New Accounting Pronouncements

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions was issued in June 2012. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to measure and recognize liabilities, deferred outflows of resources, deferred inflows or resources, and expense/expenditures for defined benefit pension plans that more closely match the benefits attributable to the employees' periods of service. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and No. 50, *Pension Disclosures*. This Statement was implemented in 2015.

Beginning net position on the Statement of Activities has been restated to comply with this new standard. There was no effect on the fund financial statements.

	<u>Amount</u>
Beginning net position as previously reported at December 31, 2014	\$ 67,913,180
Prior period adjustment - Implementation of GASB 68:	
Net difference between projected and actual earnings on pension plan investments	(486,125)
Net pension liability (measurement date)	<u>(9,683,193)</u>
Net position as restated, December 31, 2014	<u>\$ 57,743,862</u>

GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to address issues regarding contributions, if any, made by the local government employer to a defined benefit pension plan after the measurement date of the plan. Since the measurement date of the plan and the reporting date of this financial statements are the same date, implementation of this Statement had no effect.

REQUIRED

SUPPLEMENTARY INFORMATION

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
POLICE PENSION PLAN

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 1,276,152	\$ 1,194,091
Interest	3,290,244	3,285,767
Changes of benefit terms	-	-
Differences between expected and actual experience	(2,173,755)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(2,681,430)</u>	<u>(1,975,510)</u>
Net change in total pension liability	(288,789)	2,504,348
Total pension liability - beginning	<u>46,108,239</u>	<u>43,603,891</u>
Total pension liability - ending (a)	<u>\$ 45,819,450</u>	<u>\$ 46,108,239</u>
 Plan fiduciary net position		
Contributions - employer	\$ 2,285,033	\$ 2,463,341
Contributions - employee	287,846	280,895
Net investment income	792,419	2,967,160
Benefit payments, including refunds of employee contributions	(2,681,430)	(1,975,510)
Administrative expense	(301,262)	(276,760)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	382,606	3,459,126
 Plan fiduciary net position - beginning	<u>36,680,017</u>	<u>33,220,891</u>
Plan fiduciary net position - ending (b)	<u>\$ 37,062,623</u>	<u>\$ 36,680,017</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ 8,756,827</u>	<u>\$ 9,428,222</u>
 Plan fiduciary net position as a percentage of the total pension liability	80.9%	79.6%
 Covered-employee payroll	\$ 4,899,227	\$ 4,252,730
 Township's net pension liability as a percentage of covered-employee payroll	178.7%	221.7%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is complete, available information is presented.

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 2,285,033	\$ 2,463,341	\$ 2,509,929	\$ 1,501,534	\$ 1,502,523
Contributions in relation to the actuarially determined contribution	<u>2,285,033</u>	<u>2,463,341</u>	<u>2,509,929</u>	<u>1,501,534</u>	<u>1,502,523</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,899,227	\$ 4,252,730	\$ 4,252,730	\$ 4,275,718	\$ 4,275,718
			(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	46.6%	57.9%	59.0%	35.1%	35.1%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Closed
Remaining amortization period	10 years
Asset valuation method	The actuarial value of assets, with the exception of the DROP accounts is calculated as the expected value of assets, based on the actuarially assumed rate of return on investments. The actuarial value of assets determined under this method is generally limited by Act 205 funding rules to 20% above or below the market value of assets. The DROP accounts are carried at market value for actuarial valuation purposes.

Inflation	Not Applicable
Salary increases	4.5%
Investment rate of return	7.5%
Retirement age	Normal Retirement Age, or on the valuation date if later
Mortality	RP2000 Table

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 764,346	\$ 785,798	\$ 660,750	\$ 605,161	\$ 591,820
<u>764,346</u>	<u>785,798</u>	<u>660,750</u>	<u>605,161</u>	<u>591,820</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,437,594	\$ 4,437,594	\$ 4,144,680	\$ 4,144,680	\$ 4,006,249
(1)	(1)	(1)	(1)	(1)
17.2%	17.7%	15.9%	14.6%	14.8%

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 176,804	\$ 206,812
Interest	533,592	513,290
Changes of benefit terms	-	-
Differences between expected and actual experience	(232,708)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(251,086)</u>	<u>(122,292)</u>
Net change in total pension liability	226,602	597,810
Total pension liability - beginning	<u>7,296,012</u>	<u>6,698,202</u>
Total pension liability - ending (a)	<u>\$ 7,522,614</u>	<u>\$ 7,296,012</u>
 Plan fiduciary net position		
Contributions - employer	\$ 308,202	\$ 203,448
Contributions - employee	121,892	128,673
Net investment income	166,261	626,530
Benefit payments, including refunds of employee contributions	(251,086)	(122,292)
Administrative expense	(80,531)	(74,620)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	264,738	761,739
 Plan fiduciary net position - beginning	<u>7,041,041</u>	<u>6,279,302</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,305,779</u>	<u>\$ 7,041,041</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ 216,835</u>	<u>\$ 254,971</u>
 Plan fiduciary net position as a percentage of the total pension liability	97.1%	96.5%
 Covered-employee payroll	\$ 2,759,135	\$ 2,674,421
 Township's net pension liability as a percentage of covered-employee payroll	7.9%	9.5%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

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

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – NON UNIFORM PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 308,202	\$ 203,448	\$ 176,779	\$ 118,830	\$ 110,955
Contributions in relation to the actuarially determined contribution	<u>308,202</u>	<u>203,448</u>	<u>176,779</u>	<u>118,830</u>	<u>110,955</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,759,135	\$ 2,161,128	\$ 2,161,128	\$ 2,279,174	\$ 2,279,174
			(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	11.2%	9.4%	8.2%	5.2%	4.9%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Closed
Remaining amortization period	9 years
Asset valuation method	Gains and losses (compared to the expected return) are recognized evenly over five years; however, the actuarial value of assets may not be less than 80% nor more than 120% of market value
Inflation	3%
Salary increases	4.5%
Investment rate of return	7.5%
Retirement age	Normal Retirement Age, or on the valuation date if later
Mortality	RP2000 Table

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 78,255	\$ 80,530	\$ 103,038	\$ 86,193	\$ 93,044
<u>78,255</u>	<u>80,530</u>	<u>103,038</u>	<u>86,193</u>	<u>93,044</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,043,051	\$ 2,043,051	\$ 1,977,643	\$ 1,977,643	\$ 1,948,307
(1)	(1)	(1)	(1)	(1)
3.8%	3.9%	5.2%	4.4%	4.8%

TOWNSHIP OF MIDDLETOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

	<u>2015</u>	<u>2014</u>
Police		
Annual money-weighted rate of return, net of investment expense	7.5%	7.5%
Non-Uniformed		
Annual money-weighted rate of return, net of investment expense	7.5%	7.5%

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

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	\$ -	\$ 6,448,201	\$ 6,448,201	0.00%	\$ 3,437,807	187.57%
1/1/2011	-	8,542,607	8,542,607	0.00%	4,875,716	175.21%
1/1/2014	-	5,202,395	5,202,395	0.00%	5,418,282	96.02%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2010	\$ 795,202	\$ 48,933	6%
2011	912,295	46,281	5%
2012	912,295	56,615	6%
2013	912,295	77,272	8%
2014	507,072	135,627	27%
2015	507,072	176,114	35%

See accompanying notes to supplementary schedules.

TOWNSHIP OF MIDDLETOWN
NOTES TO SUPPLEMENTARY SCHEDULES

December 31, 2015

Information for the Other Post Employment Benefits is as follows:

	<u>OPEB</u>
Date of actuarial valuation	1/1/2014
Investment rate of return	4%
Projected salary increases	5%
Inflation rate	3%
Cost method	Entry Age Normal
Amortization method	Level % Open
Amortization period	30 years

Health insurance premiums are assumed to increase by 6% per year. For dental and vision coverages, premium rates are assumed to increase 5% per year.

SUPPLEMENTARY INFORMATION

MIDDLETOWN TOWNSHIP

MAJOR GOVERNMENTAL FUNDS

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

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

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 nonresidential building permit privilege tax.

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

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL –COMMUNITY DEVELOPMENT FUND

For the Year Ended December 31, 2015

	<u>COMMUNITY DEVELOPMENT</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues	\$ 1,176,650	\$ 1,176,650	\$ 685,432	\$ (491,218)
Total Revenues	<u>1,176,650</u>	<u>1,176,650</u>	<u>685,432</u>	<u>(491,218)</u>
Expenditures				
Debt Service				
Principal	-	-	61,826	(61,826)
Capital outlays/development	<u>1,176,650</u>	<u>1,176,650</u>	<u>623,606</u>	<u>553,044</u>
Total Expenditures	<u>1,176,650</u>	<u>1,176,650</u>	<u>685,432</u>	<u>491,218</u>
Net Change 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>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>CAPITAL RESERVE</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 6,454	\$ (13,546)
Investment income and rent	400	400	295	(105)
Intergovernmental revenues	-	-	77,248	77,248
Contributions private sources	55,000	55,000	-	(55,000)
Other	-	-	61,992	61,992
Total Revenues	<u>75,400</u>	<u>75,400</u>	<u>145,989</u>	<u>70,589</u>
Expenditures				
Capital outlays/development	<u>2,309,600</u>	<u>2,309,600</u>	<u>1,250,652</u>	<u>1,058,948</u>
Total Expenditures	<u>2,309,600</u>	<u>2,309,600</u>	<u>1,250,652</u>	<u>1,058,948</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,234,200)</u>	<u>(2,234,200)</u>	<u>(1,104,663)</u>	<u>1,129,537</u>
Other Financing Sources (Uses)				
Loan proceeds	642,000	642,000	-	642,000
Transfers in	-	2,600,000	2,600,000	-
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>632,000</u>	<u>3,232,000</u>	<u>2,590,000</u>	<u>642,000</u>
Net Change in Fund Balance	(1,602,200)	997,800	1,485,337	487,537
Fund Balance - Beginning	<u>1,419,231</u>	<u>1,419,231</u>	<u>1,419,231</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (182,969)</u>	<u>\$ 2,417,031</u>	<u>\$ 2,904,568</u>	<u>\$ 487,537</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	DEBT SERVICE			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 2,675,547	\$ 2,675,547	\$ 2,705,750	\$ 30,203
Investment income and rent	800	800	1,060	260
Total Revenues	<u>2,676,347</u>	<u>2,676,347</u>	<u>2,706,810</u>	<u>30,463</u>
Expenditures				
Current:				
General government	9,484	9,484	32,461	(22,977)
Debt service:				
Principal	1,987,512	1,987,512	1,900,000	87,512
Interest	<u>716,262</u>	<u>716,262</u>	<u>706,649</u>	<u>9,613</u>
Total Expenditures	<u>2,713,258</u>	<u>2,713,258</u>	<u>2,639,110</u>	<u>74,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,911)</u>	<u>(36,911)</u>	<u>67,700</u>	<u>104,611</u>
Other Financing Sources (Uses)				
Transfers in	49,912	49,912	49,912	-
Transfers out	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>17,912</u>	<u>17,912</u>	<u>17,912</u>	<u>-</u>
Net Change in Fund Balance	(18,999)	(18,999)	85,612	104,611
Fund Balance - Beginning	<u>650,667</u>	<u>650,667</u>	<u>650,667</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 631,668</u>	<u>\$ 631,668</u>	<u>\$ 736,279</u>	<u>\$ 104,611</u>

MIDDLETOWN TOWNSHIP

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Fire Protection Fund - This fund is used to account for revenue derived from a 1.375 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 0.107 mill real estate tax levy. The revenues of this fund are restricted to expenditures for the maintenance of fire hydrants and water service to fire hydrants throughout the Township.

Police Forfeiture Fund - This fund is used to account for revenue derived from police forfeitures. The revenues of this fund are restricted to expenditures for the police department.

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

MIDDLETOWN TOWNSHIP

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

General Obligation Bond Issue Fund - This fund accounts for revenues received from the bond issuance that are legally restricted to expenditures for specific purposes.

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

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

TOWNSHIP OF MIDDLETOWN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	<u>Special Revenue</u>							
	<u>General Street Lighting</u>	<u>Fire Protection</u>	<u>Parks and Recreation</u>	<u>Ambulance and Rescue</u>	<u>Road Machinery</u>	<u>Fire Hydrant</u>	<u>Police Forfeiture</u>	<u>State Highway Aid</u>
<u>ASSETS</u>								
Cash and cash equivalents	\$ 326,884	\$ -	\$ 254,651	\$ -	\$ 174,605	\$ 19,126	\$ 36,705	\$ 800,305
Receivables (net of allowance for uncollectibles)	11,501	81,456	20,848	8,083	2,692	775	-	-
Prepaid items	-	-	4,112	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Due from other funds	3,737	4,991	72,800	1,434	1,089	388	-	-
Total Assets	<u>\$ 342,122</u>	<u>\$ 86,447</u>	<u>\$ 352,411</u>	<u>\$ 9,517</u>	<u>\$ 178,386</u>	<u>\$ 20,289</u>	<u>\$ 36,705</u>	<u>\$ 800,305</u>
<u>LIABILITIES</u>								
Accounts payable	\$ 31,138	\$ 5,801	\$ 21,477	\$ 6,207	\$ 1,254	\$ 6,367	\$ -	\$ 17,296
Accrued salaries and benefits	867	-	6,954	-	-	-	-	8,439
Due to other funds	-	64,675	1,804	-	-	-	-	3,084
Total Liabilities	<u>32,005</u>	<u>70,476</u>	<u>30,235</u>	<u>6,207</u>	<u>1,254</u>	<u>6,367</u>	<u>-</u>	<u>28,819</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue:								
property taxes	10,827	14,911	19,580	3,534	2,554	726	-	-
special assessments	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>10,827</u>	<u>14,911</u>	<u>19,580</u>	<u>3,534</u>	<u>2,554</u>	<u>726</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>								
Nonspendable								
Prepaid items	-	-	4,112	-	-	-	-	-
Long-term interfund advances	-	-	-	-	-	-	-	-
Restricted:								
Street lighting	299,290	-	-	-	-	-	-	-
Road machinery	-	-	-	-	174,578	-	-	-
Fire services	-	1,060	-	-	-	13,196	-	-
Police	-	-	-	-	-	-	36,705	-
Streets and highways	-	-	-	-	-	-	-	771,486
Debt service	-	-	-	-	-	-	-	-
Committed:								
Park and recreation	-	-	298,484	-	-	-	-	-
Assigned:								
Capital projects	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(224)	-	-	-	-
Total Fund Balances	<u>299,290</u>	<u>1,060</u>	<u>302,596</u>	<u>(224)</u>	<u>174,578</u>	<u>13,196</u>	<u>36,705</u>	<u>771,486</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 342,122</u>	<u>\$ 86,447</u>	<u>\$ 352,411</u>	<u>\$ 9,517</u>	<u>\$ 178,386</u>	<u>\$ 20,289</u>	<u>\$ 36,705</u>	<u>\$ 800,305</u>

Total	Capital Projects			Total	Total Nonmajor Governmental Funds
	GOB Issue	Curb/Road Revolving	Contingency		
\$ 1,612,276	\$ 686,267	\$ 40	\$ 809	\$ 687,116	\$ 2,299,392
125,355	-	3,656	-	3,656	129,011
4,112	-	-	-	-	4,112
-	-	-	149,364	149,364	149,364
84,439	-	-	-	-	84,439
<u>\$ 1,826,182</u>	<u>\$ 686,267</u>	<u>\$ 3,696</u>	<u>\$ 150,173</u>	<u>\$ 840,136</u>	<u>\$ 2,666,318</u>
\$ 89,540	\$ 212,642	\$ -	\$ -	\$ 212,642	\$ 302,182
16,260	108	-	-	108	16,368
69,563	-	-	-	-	69,563
175,363	212,750	-	-	212,750	388,113
52,132	-	-	-	-	52,132
-	-	3,656	-	3,656	3,656
52,132	-	3,656	-	3,656	55,788
4,112	-	-	-	-	4,112
-	-	-	149,364	149,364	149,364
299,290	-	-	-	-	299,290
174,578	-	-	-	-	174,578
14,256	-	-	-	-	14,256
36,705	-	-	-	-	36,705
771,486	-	-	-	-	771,486
-	473,517	-	-	473,517	473,517
298,484	-	-	-	-	298,484
-	-	40	809	849	849
(224)	-	-	-	-	(224)
<u>1,598,687</u>	<u>473,517</u>	<u>40</u>	<u>150,173</u>	<u>623,730</u>	<u>2,222,417</u>
<u>\$ 1,826,182</u>	<u>\$ 686,267</u>	<u>\$ 3,696</u>	<u>\$ 150,173</u>	<u>\$ 840,136</u>	<u>\$ 2,666,318</u>

TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	<u>Special Revenue</u>							
	<u>General Street Lighting</u>	<u>Fire Protection</u>	<u>Parks and Recreation</u>	<u>Ambulance and Rescue</u>	<u>Road Machinery</u>	<u>Fire Hydrant</u>	<u>Police Forfeiture</u>	<u>State Highway Aid</u>
Revenues								
Property taxes	\$ 519,399	\$ 722,805	\$ 1,006,427	\$ 207,736	\$ 157,899	\$ 56,348	\$ -	\$ -
Investment income and rent	277	64	19,291	31	142	19	9	1,346
Intergovernmental revenues	-	376,609	-	-	-	-	-	1,045,618
Charges for services	4,704	-	338,152	-	-	-	-	-
Contributions private sources	-	-	20,747	-	-	-	-	-
Other	430	-	50	-	-	-	-	409
Total Revenues	<u>524,810</u>	<u>1,099,478</u>	<u>1,384,667</u>	<u>207,767</u>	<u>158,041</u>	<u>56,367</u>	<u>9</u>	<u>1,047,373</u>
Expenditures								
Current								
Public safety	-	1,103,389	-	206,508	-	53,962	-	-
Public works	449,596	-	-	-	152,470	-	-	803,927
Parks and recreation	-	-	1,294,579	-	-	-	-	-
Capital outlays/development	-	-	-	-	-	-	-	-
Total Expenditures	<u>449,596</u>	<u>1,103,389</u>	<u>1,294,579</u>	<u>206,508</u>	<u>152,470</u>	<u>53,962</u>	<u>-</u>	<u>803,927</u>
Excess (Deficiency) of Revenues Over Expenditures	75,214	(3,911)	90,088	1,259	5,571	2,405	9	243,446
Other Financing Sources (Uses)								
Transfers in	-	-	10,000	-	-	-	-	-
Transfers out	(17,000)	(5,000)	(20,000)	(3,500)	(1,200)	(1,000)	-	-
Total Other Financing Sources (Uses)	<u>(17,000)</u>	<u>(5,000)</u>	<u>(10,000)</u>	<u>(3,500)</u>	<u>(1,200)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	58,214	(8,911)	80,088	(2,241)	4,371	1,405	9	243,446
Fund Balance - Beginning	241,076	9,971	222,508	2,017	170,207	11,791	36,696	528,040
Fund Balance - Ending	<u>\$ 299,290</u>	<u>\$ 1,060</u>	<u>\$ 302,596</u>	<u>\$ (224)</u>	<u>\$ 174,578</u>	<u>\$ 13,196</u>	<u>\$ 36,705</u>	<u>\$ 771,486</u>

Capital Projects					Total Nonmajor Governmental Funds
Total	GOB Issue	Curb/Road Revolving	Contingency	Total	
\$ 2,670,614	\$ -	\$ -	\$ -	\$ -	\$ 2,670,614
21,179	1,108	-	1,912	3,020	24,199
1,422,227	-	-	-	-	1,422,227
342,856	-	-	-	-	342,856
20,747	-	-	-	-	20,747
889	32,716	-	-	32,716	33,605
<u>4,478,512</u>	<u>33,824</u>	<u>-</u>	<u>1,912</u>	<u>35,736</u>	<u>4,514,248</u>
1,363,859	-	-	-	-	1,363,859
1,405,993	-	-	-	-	1,405,993
1,294,579	-	-	-	-	1,294,579
-	2,708,344	-	-	2,708,344	2,708,344
<u>4,064,431</u>	<u>2,708,344</u>	<u>-</u>	<u>-</u>	<u>2,708,344</u>	<u>6,772,775</u>
414,081	(2,674,520)	-	1,912	(2,672,608)	(2,258,527)
10,000	-	-	-	-	10,000
(47,700)	-	-	(63,800)	(63,800)	(111,500)
<u>(37,700)</u>	<u>-</u>	<u>-</u>	<u>(63,800)</u>	<u>(63,800)</u>	<u>(101,500)</u>
376,381	(2,674,520)	-	(61,888)	(2,736,408)	(2,360,027)
1,222,306	3,148,037	40	212,061	3,360,138	4,582,444
<u>\$ 1,598,687</u>	<u>\$ 473,517</u>	<u>\$ 40</u>	<u>\$ 150,173</u>	<u>\$ 623,730</u>	<u>\$ 2,222,417</u>

MIDDLETOWN TOWNSHIP

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

For the Year Ended December 31, 2015

	<u>GENERAL STREET LIGHTING FUND</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 510,985	\$ 510,985	\$ 519,399	\$ 8,414
Investment income and rent	130	130	277	147
Charges for services	4,900	4,900	4,704	(196)
Other	-	-	430	430
Total Revenues	<u>516,015</u>	<u>516,015</u>	<u>524,810</u>	<u>8,795</u>
Expenditures				
Current:				
Public works	<u>496,473</u>	<u>496,473</u>	<u>449,596</u>	<u>46,877</u>
Total Expenditures	<u>496,473</u>	<u>496,473</u>	<u>449,596</u>	<u>46,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,542</u>	<u>19,542</u>	<u>75,214</u>	<u>55,672</u>
Other Financing Sources (Uses)				
Transfers out	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>
Net Change in Fund Balance	2,542	2,542	58,214	55,672
Fund Balance - Beginning	<u>241,076</u>	<u>241,076</u>	<u>241,076</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 243,618</u>	<u>\$ 243,618</u>	<u>\$ 299,290</u>	<u>\$ 55,672</u>

MIDDLETOWN TOWNSHIP

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

For the Year Ended December 31, 2015

	<u>FIRE PROTECTION</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 714,221	\$ 714,221	\$ 722,805	\$ 8,584
Investment income and rent	70	70	64	(6)
Intergovernmental revenues	391,997	391,997	376,609	(15,388)
Total Revenues	<u>1,106,288</u>	<u>1,106,288</u>	<u>1,099,478</u>	<u>(6,810)</u>
Expenditures				
Current:				
Public safety	1,101,288	1,101,288	1,103,389	(2,101)
Total Expenditures	<u>1,101,288</u>	<u>1,101,288</u>	<u>1,103,389</u>	<u>(2,101)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,000</u>	<u>5,000</u>	<u>(3,911)</u>	<u>(8,911)</u>
Other Financing Sources (Uses)				
Transfers out	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	(8,911)	(8,911)
Fund Balance - Beginning	<u>9,971</u>	<u>9,971</u>	<u>9,971</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,971</u>	<u>\$ 9,971</u>	<u>\$ 1,060</u>	<u>\$ (8,911)</u>

MIDDLETOWN TOWNSHIP

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

For the Year Ended December 31, 2015

	<u>PARK AND RECREATION</u>			Variance with Final Budget
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 998,557	\$ 998,557	\$ 1,006,427	\$ 7,870
Investment income and rent	13,156	13,156	19,291	6,135
Charges for services	282,000	282,000	338,152	56,152
Contributions private sources	27,800	27,800	20,747	(7,053)
Miscellaneous	-	-	50	50
Total Revenues	<u>1,321,513</u>	<u>1,321,513</u>	<u>1,384,667</u>	<u>63,154</u>
Expenditures				
Current:				
Parks and recreation	<u>1,376,326</u>	<u>1,376,326</u>	<u>1,294,579</u>	<u>81,747</u>
Total Expenditures	<u>1,376,326</u>	<u>1,376,326</u>	<u>1,294,579</u>	<u>81,747</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(54,813)</u>	<u>(54,813)</u>	<u>90,088</u>	<u>144,901</u>
Other Financing Sources (Uses)				
Transfers in	10,000	10,000	10,000	-
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balance	(64,813)	(64,813)	80,088	144,901
Fund Balance - Beginning	<u>222,508</u>	<u>222,508</u>	<u>222,508</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 157,695</u>	<u>\$ 157,695</u>	<u>\$ 302,596</u>	<u>\$ 144,901</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>AMBULANCE AND RESCUE</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 205,485	\$ 205,485	\$ 207,736	\$ 2,251
Investment income and rent	40	40	31	(9)
Total Revenues	<u>205,525</u>	<u>205,525</u>	<u>207,767</u>	<u>2,242</u>
Expenditures				
Current:				
Public safety	202,025	205,025	206,508	(1,483)
Total Expenditures	<u>202,025</u>	<u>205,025</u>	<u>206,508</u>	<u>(1,483)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,500</u>	<u>500</u>	<u>1,259</u>	<u>759</u>
Other Financing Sources (Uses)				
Transfers out	(3,500)	(3,500)	(3,500)	-
Total Other Financing Sources (Uses)	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Net Change in Fund Balance	-	(3,000)	(2,241)	759
Fund Balance - Beginning	2,017	2,017	2,017	-
Fund Balance - Ending	<u>\$ 2,017</u>	<u>\$ (983)</u>	<u>\$ (224)</u>	<u>\$ 759</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>ROAD MACHINERY</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 156,034	\$ 156,034	\$ 157,899	\$ 1,865
Investment income and rent	100	100	142	42
Total Revenues	<u>156,134</u>	<u>156,134</u>	<u>158,041</u>	<u>1,907</u>
Expenditures				
Current:				
Public works	<u>256,034</u>	<u>256,034</u>	<u>152,470</u>	<u>103,564</u>
Total Expenditures	<u>256,034</u>	<u>256,034</u>	<u>152,470</u>	<u>103,564</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(99,900)</u>	<u>(99,900)</u>	<u>5,571</u>	<u>105,471</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
Net Change in Fund Balance	(101,100)	(101,100)	4,371	105,471
Fund Balance - Beginning	<u>170,207</u>	<u>170,207</u>	<u>170,207</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 69,107</u>	<u>\$ 69,107</u>	<u>\$ 174,578</u>	<u>\$ 105,471</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>FIRE HYDRANT</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 55,756	\$ 55,756	\$ 56,348	\$ 592
Investment income and rent	15	15	19	4
Total Revenues	<u>55,771</u>	<u>55,771</u>	<u>56,367</u>	<u>596</u>
Expenditures				
Current:				
Public safety	55,588	55,588	53,962	1,626
Total Expenditures	<u>55,588</u>	<u>55,588</u>	<u>53,962</u>	<u>1,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>183</u>	<u>183</u>	<u>2,405</u>	<u>2,222</u>
Other Financing Sources (Uses)				
Transfers out	(1,000)	(1,000)	(1,000)	-
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net Change in Fund Balance	(817)	(817)	1,405	2,222
Fund Balance - Beginning	11,791	11,791	11,791	-
Fund Balance - Ending	<u>\$ 10,974</u>	<u>\$ 10,974</u>	<u>\$ 13,196</u>	<u>\$ 2,222</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – POLICE FORFEITURE FUND

For the Year Ended December 31, 2015

	<u>POLICE FORFEITURE</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income and rent	\$ 12	\$ 12	\$ 9	\$ (3)
Total Revenues	<u>12</u>	<u>12</u>	<u>9</u>	<u>(3)</u>
Expenditures				
Current:				
Public safety	<u>36,706</u>	<u>36,706</u>	<u>-</u>	<u>36,706</u>
Total Expenditures	<u>36,706</u>	<u>36,706</u>	<u>-</u>	<u>36,706</u>
Net Change in Fund Balance	(36,694)	(36,694)	9	36,703
Fund Balance - Beginning	<u>36,696</u>	<u>36,696</u>	<u>36,696</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 36,705</u>	<u>\$ 36,703</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>STATE HIGHWAY AID</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 1,012,083	\$ 1,012,083	\$ 1,045,618	\$ 33,535
Investment income and rent	550	550	1,346	796
Miscellaneous	-	-	409	409
Total Revenues	<u>1,012,633</u>	<u>1,012,633</u>	<u>1,047,373</u>	<u>34,740</u>
Expenditures				
Current:				
Public works	<u>920,889</u>	<u>920,889</u>	<u>803,927</u>	<u>116,962</u>
Total Expenditures	<u>920,889</u>	<u>920,889</u>	<u>803,927</u>	<u>116,962</u>
Net Change in Fund Balance	91,744	91,744	243,446	151,702
Fund Balance - Beginning	<u>528,040</u>	<u>528,040</u>	<u>528,040</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 619,784</u>	<u>\$ 619,784</u>	<u>\$ 771,486</u>	<u>\$ 151,702</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL OBLIGATION
BOND ISSUE FUND

For the Year Ended December 31, 2015

	<u>GENERAL OBLIGATION BOND ISSUE</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income and rent	\$ 600	\$ 600	\$ 1,108	\$ 508
Other	-	-	32,716	32,716
Total Revenues	<u>600</u>	<u>600</u>	<u>33,824</u>	<u>33,224</u>
Expenditures				
Current:				
Capital outlays/development	<u>2,789,796</u>	<u>3,147,796</u>	<u>2,708,344</u>	<u>(439,452)</u>
Total Expenditures	<u>2,789,796</u>	<u>3,147,796</u>	<u>2,708,344</u>	<u>(439,452)</u>
Net Change in Fund Balance	(2,789,196)	(3,147,196)	(2,674,520)	472,676
Fund Balance - Beginning	<u>3,148,037</u>	<u>3,148,037</u>	<u>3,148,037</u>	-
Fund Balance - Ending	<u>\$ 358,841</u>	<u>\$ 841</u>	<u>\$ 473,517</u>	<u>\$ 472,676</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>CONTINGENCY</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income and rent	\$ 1,910	\$ 1,910	\$ 1,912	\$ 2
Total Revenues	<u>1,910</u>	<u>1,910</u>	<u>1,912</u>	<u>2</u>
Expenditures				
Current:				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,910</u>	<u>1,910</u>	<u>1,912</u>	<u>2</u>
Other Financing Sources (Uses)				
Transfers out	<u>(63,800)</u>	<u>(63,800)</u>	<u>(63,800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(63,800)</u>	<u>(63,800)</u>	<u>(63,800)</u>	<u>-</u>
Net Change in Fund Balance	(61,890)	(61,890)	(61,888)	2
Fund Balance - Beginning	<u>212,061</u>	<u>212,061</u>	<u>212,061</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 150,171</u>	<u>\$ 150,171</u>	<u>\$ 150,173</u>	<u>\$ 2</u>

MIDDLETOWN TOWNSHIP

PROPRIETARY FUNDS

Proprietary funds are used to account operations:

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

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

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>COUNTRY CLUB</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Charges for services				
Licensing fees	\$ 201,259	\$ 201,259	\$ 201,138	\$ (121)
Total Operating Revenues	<u>201,259</u>	<u>201,259</u>	<u>201,138</u>	<u>(121)</u>
Operating Expenses				
Park and recreation	49,069	49,069	47,684	1,385
Depreciation	<u>70,359</u>	<u>70,359</u>	<u>67,259</u>	<u>3,100</u>
Total Operating Expenses	<u>119,428</u>	<u>119,428</u>	<u>114,943</u>	<u>4,485</u>
Operating Income (Loss)	<u>81,831</u>	<u>81,831</u>	<u>86,195</u>	<u>4,364</u>
Nonoperating Revenues (Expense)				
Interest income	41	41	49	8
Interest expense	<u>(4,323)</u>	<u>(4,323)</u>	<u>(3,023)</u>	<u>1,300</u>
Total Nonoperating Revenues (Expense)	<u>(4,282)</u>	<u>(4,282)</u>	<u>(2,974)</u>	<u>1,308</u>
Income (Loss) before Transfers	77,549	77,549	83,221	5,672
Transfers out	<u>(56,586)</u>	<u>(56,586)</u>	<u>(56,586)</u>	<u>-</u>
Changes in Net Position	20,963	20,963	26,635	5,672
Total Net Position - Beginning	<u>2,310,027</u>	<u>2,310,027</u>	<u>2,310,027</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 2,330,990</u>	<u>\$ 2,330,990</u>	<u>\$ 2,336,662</u>	<u>\$ 5,672</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2015

	<u>FARM FUND</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Charges for services				
Licensing fees	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Rent	8,400	8,400	7,700	(700)
Total Operating Revenues	<u>48,400</u>	<u>48,400</u>	<u>47,700</u>	<u>(700)</u>
Operating Expenses				
Park and recreation	21,774	21,774	7,319	14,455
Depreciation	<u>9,205</u>	<u>9,205</u>	<u>9,205</u>	<u>-</u>
Total Operating Expenses	<u>30,979</u>	<u>30,979</u>	<u>16,524</u>	<u>14,455</u>
Income (Loss) before Transfers	17,421	17,421	31,176	13,755
Transfers out	<u>(12,689)</u>	<u>(12,689)</u>	<u>(12,689)</u>	<u>-</u>
Changes in Net Position	4,732	4,732	18,487	13,755
Total Net Position - Beginning	<u>2,263,244</u>	<u>2,263,244</u>	<u>2,263,244</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 2,267,976</u>	<u>\$ 2,267,976</u>	<u>\$ 2,281,731</u>	<u>\$ 13,755</u>

MIDDLETOWN TOWNSHIP

FIDUCIARY FUNDS

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

Pension and Other Employee Benefit Trust Funds

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

The *Health Care Trust* fund was established as a result of a settlement with the Police Benevolent Association and is to account for funds set aside to help defray the health costs for retired Township Police Officers.

Private Purpose Trust Fund

The *Fire Company District* fund is used to account for the resources reserved exclusively for the purpose of funding the Township's volunteer fire companies' apparatus replacement plan. There is only one fund.

Agency Fund

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

TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS – PENSION AND OTHER
EMPLOYEE BENEFIT TRUST PLANS

December 31, 2015

	<u>Pension and Other Employee Benefit Trust Funds</u>			
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Health Care Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,055,823	\$ 728,667	\$ 471,892	\$ 4,256,382
Accrued interest	121,510	23,213	-	144,723
Investments, at fair value:				
U.S. government obligations	2,779,248	620,299	-	3,399,547
Government sponsored mortgages	405,072	87,202	-	492,274
Corporate obligations	4,384,269	1,000,353	-	5,384,622
Municipal obligations	3,996,648	843,685	-	4,840,333
Mortgages	1,977,913	340,368	-	2,318,281
Foreign obligations	249,112	28,076	-	277,188
Partnership traded	52,684	11,435	-	64,119
Stock equities	<u>17,277,794</u>	<u>3,647,008</u>	<u>-</u>	<u>20,924,802</u>
Total investments	<u>31,122,740</u>	<u>6,578,426</u>	<u>-</u>	<u>37,701,166</u>
Total Assets	<u>34,300,073</u>	<u>7,330,306</u>	<u>471,892</u>	<u>42,102,271</u>
<u>LIABILITIES</u>				
Other liabilities	<u>-</u>	<u>-</u>	<u>102</u>	<u>102</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>102</u>	<u>102</u>
<u>NET POSITION</u>				
Net Position - Restricted for:				
Pension benefits	34,300,073	7,330,306	-	41,630,379
Other post employment benefits	<u>-</u>	<u>-</u>	<u>471,790</u>	<u>471,790</u>
Total Net Position	<u>\$ 34,300,073</u>	<u>\$ 7,330,306</u>	<u>\$ 471,790</u>	<u>\$ 42,102,169</u>

TOWNSHIP OF MIDDLETOWN

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

FIDUCIARY FUNDS – PENSION AND OTHER
EMPLOYEE BENEFIT TRUST PLANS

For the Year Ended December 31, 2015

	<u>Pension and Other Employee Benefit Trust Funds</u>			<u>Total</u>
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Health Care Offset Fund</u>	
Additions				
Contributions				
Member contributions	\$ 298,954	\$ 126,716	\$ -	\$ 425,670
Employer contributions	1,932,158	131,764	50,000	2,113,922
State aid	352,875	176,438	-	529,313
Insurance proceeds	<u>79,579</u>	<u>-</u>	<u>-</u>	<u>79,579</u>
Total Contributions	<u>2,663,566</u>	<u>434,918</u>	<u>50,000</u>	<u>3,148,484</u>
Investment Income				
Net appreciation (depreciation) in fair value of investments	(93,401)	(10,911)	-	(104,312)
Interest and dividends	<u>853,062</u>	<u>180,236</u>	<u>199</u>	<u>1,033,497</u>
Total Investment Income	<u>759,661</u>	<u>169,325</u>	<u>199</u>	<u>929,185</u>
Total Additions	<u>3,423,227</u>	<u>604,243</u>	<u>50,199</u>	<u>4,077,669</u>
Deductions				
Benefits	2,441,653	256,951	-	2,698,604
Administrative expenses	<u>301,988</u>	<u>80,696</u>	<u>1,000</u>	<u>383,684</u>
Total Deductions	<u>2,743,641</u>	<u>337,647</u>	<u>1,000</u>	<u>3,082,288</u>
Change in Net Position	679,586	266,596	49,199	995,381
Net Position - Restricted:				
Beginning of Year	<u>33,620,487</u>	<u>7,063,710</u>	<u>422,591</u>	<u>41,106,788</u>
End of Year	<u>\$ 34,300,073</u>	<u>\$ 7,330,306</u>	<u>\$ 471,790</u>	<u>\$ 42,102,169</u>

TOWNSHIP OF MIDDLETOWN

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
TOWNSHIP ESCROW FUNDS

For the Year Ended December 31, 2015

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2015</u>
Assets:				
Cash and cash equivalents	\$ 1,735,295	\$ 1,166,470	\$ (428,770)	\$ 2,472,995
Total Assets	<u>\$ 1,735,295</u>	<u>\$ 1,166,470</u>	<u>\$ (428,770)</u>	<u>\$ 2,472,995</u>
Liabilities:				
Accounts payable	\$ 42,935	\$ 375,785	\$ (418,720)	\$ -
Customer deposits	1,388,537	1,160,593	(380,836)	2,168,294
Accumulated interest	<u>303,823</u>	<u>878</u>	<u>-</u>	<u>304,701</u>
Total Liabilities	<u>\$ 1,735,295</u>	<u>\$ 1,537,256</u>	<u>\$ (799,556)</u>	<u>\$ 2,472,995</u>

STATISTICAL SECTION

TOWNSHIP OF MIDDLETOWN

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
These schedules contain trend information that may assist the reader in assessing the government's current financial performance by placing it in historical perspective.	121
Revenue Capacity	
These schedules contain information that may assist the reader in assessing the viability of the government's most significant local revenue sources.	129
Debt Capacity	
These schedules present information that may assist the reader in analyzing the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	135
Economic & Demographic Information	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the government's financial activities take place.	140
Operating Information	
These schedules contain service and infrastructure indicators to help the reader understand how the information in the government's financial statements relates to the services the government provides and the activities it performs.	143

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Middletown Township implemented GASB 34 in 2003, and GASB 54 in 2011.

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

(accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012 (1)
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 27,249,325	\$ 25,418,215	\$ 27,310,114	\$ 25,404,239
Restricted	2,988,968	5,261,567	1,564,188	1,327,400
Unrestricted (Deficit)	32,178,421	37,233,398	36,083,354	38,952,787
Total Governmental Activities Net Position	<u>\$ 62,416,714</u>	<u>\$ 67,913,180</u>	<u>\$ 64,957,656</u>	<u>\$ 65,684,426</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 4,583,797	\$ 4,584,428	\$ 4,603,195	\$ 4,517,529
Restricted	-	-	-	-
Unrestricted (Deficit)	34,596	(11,157)	(50,773)	16,242
Total Business-Type Activities Net Position	<u>\$ 4,618,393</u>	<u>\$ 4,573,271</u>	<u>\$ 4,552,422</u>	<u>\$ 4,533,771</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 31,833,122	\$ 30,002,643	\$ 31,913,309	\$ 29,921,768
Restricted	2,988,968	5,261,567	1,564,188	1,327,400
Unrestricted (Deficit)	32,213,017	37,222,241	36,032,581	38,969,029
Total Primary Government Net Position	<u>\$ 67,035,107</u>	<u>\$ 72,486,451</u>	<u>\$ 69,510,078</u>	<u>\$ 70,218,197</u>

Source: Middletown Township Financial Statements

(1) GASB Statement No. 63 and 65 were implemented in 2012, a prior period adjustment was made to the 2011 net position balance in the financial statements.

2011 (1)	2010	Fiscal Year		2007	2006
		2009	2008		
\$ 25,986,662	\$ 18,225,583	\$ 19,932,022	\$ 13,853,185	\$ 22,552,941	\$ 6,996,862
1,920,553	5,098,898	9,774,983	15,103,727	5,186,616	9,831,370
41,793,546	46,936,410	42,002,215	44,736,617	44,733,314	53,630,677
<u>\$ 69,700,761</u>	<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>
\$ 4,545,115	\$ 4,492,127	\$ 4,105,739	\$ 4,147,236	\$ 4,181,370	\$ 4,134,183
-	-	-	-	-	-
(31,015)	(464,130)	(69,875)	(116,091)	(90,552)	(131,796)
<u>\$ 4,514,100</u>	<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>
\$ 30,531,777	\$ 22,717,710	\$ 23,537,761	\$ 18,000,421	\$ 26,734,311	\$ 11,131,045
1,920,553	5,098,898	9,774,983	15,103,727	5,186,616	9,831,370
41,762,531	46,472,280	41,932,340	44,620,526	44,642,762	53,498,881
<u>\$ 74,214,861</u>	<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>

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

	Fiscal Year			
	2015	2014	2013	2012 (1)
Expenses				
Governmental Activities:				
General Government	\$ 2,438,963	\$ 2,225,838	\$ 2,137,408	\$ 2,290,625
Public Safety	14,108,744	14,439,009	14,458,162	14,580,986
Public Works	6,827,774	7,037,369	6,731,336	6,251,378
Parks and Recreation	1,702,967	1,548,355	1,531,902	1,803,802
Miscellaneous	499,666	545,085	533,375	537,043
Capital Outlay/Development	-	-	-	-
Interest on Long-Term Debt	756,506	642,361	661,242	1,069,783
Unallocated Deprecation Expense	1,606,967	1,505,894	1,400,047	1,502,025
Total Governmental Activities Expense	<u>27,941,587</u>	<u>27,943,911</u>	<u>27,453,472</u>	<u>28,035,642</u>
Business-Type Activities				
Proprietary Funds (combined)				
Country Club	117,966	132,830	139,416	137,397
Farm Fund	16,524	26,756	22,115	19,719
Total Business-Type Activities Expenses	<u>134,490</u>	<u>159,586</u>	<u>161,531</u>	<u>157,116</u>
Total Primary Government Expenses	<u>\$ 28,076,077</u>	<u>\$ 28,103,497</u>	<u>\$ 27,615,003</u>	<u>\$ 28,192,758</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 1,206,141	\$ 1,172,293	\$ 1,156,671	\$ 1,102,349
Public Safety	2,246,331	2,289,733	2,015,858	1,863,345
Public Works	4,189,076	4,857,941	4,903,774	4,474,867
Parks and Recreation	338,152	295,655	271,754	251,285
Operating Grants and Contributions	2,122,112	2,001,065	2,153,603	1,829,443
Capital Grants and Contributions	762,846	1,352,466	1,926,838	527,153
Total Governmental Activities Program Revs.	<u>10,864,658</u>	<u>11,969,153</u>	<u>12,428,498</u>	<u>10,048,442</u>
Business-Type Activities				
Charges for Services:				
Proprietary Funds (combined)				
Country Club	201,138	201,259	203,105	196,912
Farm Fund	40,000	40,000	40,000	40,000
Operating Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revs.	<u>241,138</u>	<u>241,259</u>	<u>243,105</u>	<u>236,912</u>
Total Primary Government Program Revenues	<u>\$ 11,105,796</u>	<u>\$ 12,210,412</u>	<u>\$ 12,671,603</u>	<u>\$ 10,285,354</u>
Net (Expense)/Revenue				
Governmental Activities:	\$ (17,076,929)	\$ (15,974,758)	\$ (15,024,974)	\$ (17,987,200)
Business-Type Activities	106,648	81,673	81,574	79,796
Total Primary Government Net Expense	<u>\$ (16,970,281)</u>	<u>\$ (15,893,085)</u>	<u>\$ (14,943,400)</u>	<u>\$ (17,907,404)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$ 9,264,596	\$ 9,218,570	\$ 9,309,514	\$ 9,303,772
Earned Income Tax	6,783,852	4,080,744	-	-
Other Taxes	4,946,763	4,893,608	4,697,360	4,513,623
Investment Income	174,227	655,107	104,391	435,806
Sale of Capital Assets	69,798	-	19,604	-
Miscellaneous	495,175	12,978	98,060	20,804
Special item-Capital assets from Private Purpose Trust	-	-	-	-
Transfers, net	15,370	69,275	69,275	69,275
Proceeds from Debt Restructuring	-	-	-	-
Total Governmental Activities	<u>21,749,781</u>	<u>18,930,282</u>	<u>14,298,204</u>	<u>14,343,280</u>
Business-Type Activities:				
Investment Income	7,749	8,451	6,352	9,150
Transfers, net	(69,275)	(69,275)	(69,275)	(69,275)
Total Business-Type Activities	<u>(61,526)</u>	<u>(60,824)</u>	<u>(62,923)</u>	<u>(60,125)</u>
Total Primary Government General Revenues and Other	<u>\$ 21,688,255</u>	<u>\$ 18,869,458</u>	<u>\$ 14,235,281</u>	<u>\$ 14,283,155</u>
Change in Net Position				
Governmental Activities	\$ 4,672,852	\$ 2,955,524	\$ (726,770)	\$ (3,643,920)
Business-Type Activities	45,122	20,849	18,651	19,671
Total Primary Government Change in Net Position	<u>\$ 4,717,974</u>	<u>\$ 2,976,373</u>	<u>\$ (708,119)</u>	<u>\$ (3,624,249)</u>

Source: Middletown Township Financial Statements

(1) GASB Statement No. 63 and 65 were implemented in 2012.

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 2,037,179	\$ 2,023,182	\$ 1,895,527	\$ 2,477,349	\$ 2,436,600	\$ 2,742,439
14,210,367	12,218,168	12,190,862	10,354,328	10,531,545	10,128,030
6,566,282	6,719,377	6,615,980	5,733,310	5,804,239	5,629,525
1,416,404	1,825,931	1,402,496	1,231,572	1,439,713	1,450,437
506,105	672,637	695,397	763,240	742,180	889,862
-	-	-	-	-	-
1,013,702	1,168,279	1,365,635	1,048,713	1,037,432	972,446
1,457,537	1,455,222	1,433,205	1,439,857	1,396,024	1,286,762
<u>27,207,576</u>	<u>26,082,796</u>	<u>25,599,102</u>	<u>23,048,369</u>	<u>23,387,733</u>	<u>23,099,501</u>
145,114	138,839	155,435	179,165	182,254	188,371
31,922	36,469	11,853	29,815	20,007	20,046
<u>177,036</u>	<u>175,308</u>	<u>167,288</u>	<u>208,980</u>	<u>202,261</u>	<u>208,417</u>
\$ <u>27,384,612</u>	\$ <u>26,258,104</u>	\$ <u>25,766,390</u>	\$ <u>23,257,349</u>	\$ <u>23,589,994</u>	\$ <u>23,307,918</u>
\$ 1,064,445	\$ 1,017,264	\$ 1,003,736	\$ 1,945,023	\$ 1,730,396	\$ 5,512,149
1,699,843	1,678,755	1,403,982	916,340	707,009	1,013,401
4,656,230	4,451,210	4,483,431	3,861,084	3,726,137	6,659
267,114	252,855	242,338	229,942	230,336	199,872
2,573,581	2,192,687	2,054,509	2,218,492	2,172,304	2,454,442
1,308,528	-	# -	# -	# -	# -
<u>11,569,741</u>	<u>9,592,771</u>	<u>9,187,996</u>	<u>9,170,881</u>	<u>8,566,182</u>	<u>9,186,523</u>
184,434	147,000	147,000	154,049	236,265	248,622
40,000	35,000	35,000	35,000	35,000	35,000
-	-	-	-	-	-
<u>224,434</u>	<u>182,000</u>	<u>182,000</u>	<u>189,049</u>	<u>271,265</u>	<u>283,622</u>
\$ <u>11,794,175</u>	\$ <u>9,774,771</u>	\$ <u>9,369,996</u>	\$ <u>9,359,930</u>	\$ <u>8,837,447</u>	\$ <u>9,470,145</u>
\$ (15,637,835)	\$ (16,490,025)	\$ (16,411,106)	\$ (13,877,488)	\$ (14,821,551)	\$ (13,912,978)
47,398	6,692	14,713	(19,931)	69,004	75,205
<u>\$ (15,590,437)</u>	<u>\$ (16,483,333)</u>	<u>\$ (16,396,393)</u>	<u>\$ (13,897,419)</u>	<u>\$ (14,752,547)</u>	<u>\$ (13,837,773)</u>
\$ 9,281,766	\$ 9,246,523	\$ 8,602,678	\$ 7,892,013	\$ 7,095,159	\$ 5,882,089
- #	- #	- #	- #	- #	- #
4,499,405	4,419,632	4,001,130	4,713,317	5,082,209	5,109,646
1,467,986	1,168,697	488,609	2,419,102	2,626,401	2,870,316
-	3,477	11,989	-	-	-
88,549	3,808	85,688	29,439	1,848,864	318,381
-	680,196	613,127	-	-	-
(260,001)	19,363	123,576	44,275	31,435	29,382
-	-	-	-	-	-
<u>15,077,705</u>	<u>15,541,696</u>	<u>13,926,797</u>	<u>15,098,146</u>	<u>16,684,068</u>	<u>14,209,814</u>
33	4,804	9,369	4,533	9,271	7,313
260,001	(19,363)	(19,363)	(44,275)	(31,435)	(29,382)
260,034	(14,559)	(9,994)	(39,742)	(22,164)	(22,069)
\$ <u>15,337,739</u>	\$ <u>15,527,137</u>	\$ <u>13,916,803</u>	\$ <u>15,058,404</u>	\$ <u>16,661,904</u>	\$ <u>14,187,745</u>
\$ (560,130)	\$ (948,329)	\$ (2,484,309)	\$ 1,220,658	\$ 1,862,517	\$ 296,836
307,432	(7,867)	4,719	(59,673)	46,840	53,136
<u>\$ (252,698)</u>	<u>\$ (956,196)</u>	<u>\$ (2,479,590)</u>	<u>\$ 1,160,985</u>	<u>\$ 1,909,357</u>	<u>\$ 349,972</u>

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

	Fiscal Year			
	2015 (A)	2014 (A)	2013 (A)	2012 (A)
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	-
Non-spendable	34,252	23,301	-	-
Restricted	108,516	98,695	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,359,161	3,907,662	2,081,418	2,803,476
Total General Fund	<u>\$ 5,501,929</u>	<u>\$ 4,029,658</u>	<u>\$ 2,081,418</u>	<u>\$ 2,803,476</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for, reported in:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Non-spendable	153,476	233,029	270,974.00	335,147.00
Restricted	2,880,452	5,162,872	1,564,188	1,327,400
Committed	39,298,484	39,222,508	39,275,872	40,369,420
Assigned	3,522,787	1,696,999	1,513,937	2,032,396
Unassigned	(224)	(11,809)	-	-
Total all Other Governmental Funds	<u>\$ 45,854,975</u>	<u>\$ 46,303,599</u>	<u>\$ 42,624,971</u>	<u>\$ 44,064,363</u>
Total Governmental Funds	<u>\$ 51,356,904</u>	<u>\$ 50,333,257</u>	<u>\$ 44,706,389</u>	<u>\$ 46,867,839</u>

Source: Middletown Township Financial Statements

(A) New Fund Balance Classifications per GASB 54

2011 (A)	Fiscal Year				2007	2006
	2010	2009	2008	2008		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,065,794	768,709	1,621,983	1,886,762	2,133,463	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,736,024	-	-	-	-	-	-
<u>\$ 2,736,024</u>	<u>\$ 2,065,794</u>	<u>\$ 768,709</u>	<u>\$ 1,621,983</u>	<u>\$ 1,886,762</u>	<u>\$ 2,133,463</u>	
\$ -	\$ 1,912,720	\$ 2,040,292	\$ 7,679,482	\$ 2,254,030	\$ 2,383,381	
-	1,393,632	1,433,418	1,057,201	1,057,203	1,269,890	
-	46,612,927	50,165,700	51,745,306	51,204,947	51,182,443	
402,777.00	-	-	-	-	-	
1,920,553	-	-	-	-	-	
40,441,705	-	-	-	-	-	
3,757,367	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 46,522,402</u>	<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>\$ 49,258,426</u>	<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>	

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

	Fiscal Year			
	2015	2014	2013	2012
Revenues				
Taxes (Non Earned Income Tax)	\$ 14,342,779	\$ 14,197,451	\$ 13,924,356	\$ 13,770,774
Earned Income Tax	6,783,852	4,080,744	-	-
Licenses and Permits	1,096,372	1,074,378	1,344,030	1,227,716
Fines and Forfeits	147,825	124,174	175,359	169,122
Interest and Rents	760,385	742,632	902,852	939,391
Intergovernmental Revenues	2,829,295	3,310,410	3,503,743	2,281,729
Charges for Services	6,735,503	7,417,070	6,827,850	6,295,008
Special Assessment	-	-	818	-
Contribution Private Source	55,497	68,155	576,698	74,867
Gain/(Loss) on Investments	(265,210)	(87,525)	(798,461)	(503,585)
Miscellaneous Revenues	131,790	12,978	98,060	20,804
Total Revenues	<u>32,618,088</u>	<u>30,940,467</u>	<u>26,555,305</u>	<u>24,275,826</u>
Expenditures				
General Government	2,301,468	2,012,237	1,948,999	1,789,113
Public Safety	13,965,246	13,577,125	13,278,438	11,892,467
Public Works	6,367,050	7,291,449	6,870,433	6,704,136
Parks and Recreation	1,294,579	1,354,995	1,334,010	1,356,337
Miscellaneous Expenditures	499,666	545,085	533,375	537,043
Capital Outlay/Development	4,582,602	3,749,117	2,094,767	1,664,283
Debt Service				
Principal	1,961,826	1,845,034	2,060,000	1,940,000
Interest	706,649	649,734	685,612	852,309
Other Charges	-	-	-	153,063
Total Expenditures	<u>31,679,086</u>	<u>31,024,776</u>	<u>28,805,634</u>	<u>26,888,751</u>
Excess of Revenues Over (Under) Expenditures	<u>939,002</u>	<u>(84,309)</u>	<u>(2,250,329)</u>	<u>(2,612,925)</u>
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	-	10,460,850	-	8,925,000
Premium on Bond Issuance	-	371,694	-	150,892
Discount on Bond Issuance	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	(5,190,642)	-	(8,922,829)
Proceeds from Debt Restructuring	-	-	-	-
Bond Refinancing Expenses	-	-	-	-
Sale of Capital Assets	15,370	-	19,604	-
Transfers In	2,822,775	221,975	1,522,275	1,538,975
Transfers Out	(2,753,500)	(152,700)	(1,453,000)	(1,469,700)
Total Other Financing Sources (Uses)	<u>84,645</u>	<u>5,711,177</u>	<u>88,879</u>	<u>222,338</u>
Prior Period Adjustment	-	-	-	-
Net Change in Fund Balances	<u>\$ 1,023,647</u>	<u>\$ 5,626,868</u>	<u>\$ (2,161,450)</u>	<u>\$ (2,390,587)</u>
Debt Service as a Percentage of Non Capital Expenditures	9.85%	9.15%	10.28%	11.07%

Source: Middletown Township Financial Statements

		Fiscal Year				
2011	2010	2009	2008	2007	2006	
\$ 13,714,591	\$ 13,701,196	\$ 12,376,900	\$ 12,485,790	\$ 11,939,159	\$ 10,837,542	
-	-	-	-	-	-	
1,273,039	1,076,871	1,104,066	1,232,017	1,226,708	1,065,459	
187,463	227,958	206,120	218,243	204,530	191,205	
901,375	764,214	1,376,938	2,470,867	2,636,968	2,880,943	
3,503,725	2,369,267	1,881,926	2,034,827	1,858,751	2,087,531	
6,227,130	6,093,799	5,802,550	5,558,483	5,178,180	5,324,263	
-	1,456	610	1,995	13,300	246,766	
175,903	145,253	144,678	181,665	311,553	365,661	
566,611	404,483	(890,769)	2,419,102	1,791,035	257,858	
88,549	3,658	103,680	13,208	21,829	36,731	
<u>26,638,386</u>	<u>24,788,155</u>	<u>22,106,699</u>	<u>26,616,197</u>	<u>25,182,013</u>	<u>23,293,959</u>	
1,890,916	1,770,342	1,643,678	2,477,349	2,222,705	5,754,868	
13,316,076	11,095,416	11,147,885	10,333,884	10,185,597	9,964,353	
6,996,957	6,403,942	6,296,113	5,733,310	5,584,836	5,359,786	
1,267,795	1,614,937	1,241,482	1,231,572	1,308,995	2,291,955	
506,105	672,637	695,397	763,240	742,180	889,862	
1,846,092	2,226,965	6,081,833	7,318,891	3,122,175	682,097	
2,271,627	2,004,214	1,632,251	1,684,566	1,691,971	1,308,620	
1,035,927	1,090,249	1,223,019	1,067,171	981,799	786,680	
71,522	25,706	21,829	25,602	36,920	21,790	
<u>29,203,017</u>	<u>26,904,408</u>	<u>29,983,487</u>	<u>30,635,585</u>	<u>25,877,178</u>	<u>27,060,011</u>	
<u>(2,564,631)</u>	<u>(2,116,253)</u>	<u>(7,876,788)</u>	<u>(4,019,388)</u>	<u>(695,165)</u>	<u>(3,766,052)</u>	
8,560,000	5,620,000	7,830,000	10,000,000	-	10,000,000	
-	-	78,123	-	-	-	
(34,881)	-	-	-	-	(64,500)	
(8,427,134)	(5,557,439)	(7,750,000)	-	-	-	
-	-	-	-	-	-	
-	(62,561)	(119,953)	-	-	-	
-	3,627	19,189	-	5,000	-	
2,401,497	2,949,063	2,063,276	1,945,176	1,864,739	2,672,270	
(2,661,498)	(3,259,483)	(1,939,700)	(2,224,758)	(1,818,948)	(2,642,888)	
<u>(162,016)</u>	<u>(306,793)</u>	<u>180,935</u>	<u>9,720,418</u>	<u>50,791</u>	<u>9,964,882</u>	
-	-	-	-	-	-	
<u>\$ (2,726,647)</u>	<u>\$ (2,423,046)</u>	<u>\$ (7,695,853)</u>	<u>\$ 5,701,030</u>	<u>\$ (644,374)</u>	<u>\$ 6,198,830</u>	
12.09%	12.54%	11.95%	11.87%	11.92%	10.21%	

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

Year	Property Taxes	Earned Income Tax	Amusement Tax	Local Services Tax	Mercantile Tax	Real Estate Transfer Tax
2015	\$ 9,291,064	\$ 6,783,852	\$ 1,379,123	\$ 983,936	\$ 1,116,110	\$ 1,137,327
2014	9,303,843	4,080,744	1,321,125	1,106,985	1,024,321	1,035,953
2013	9,226,996	-	1,265,984	1,038,831	1,032,229	960,778
2012	9,257,151	-	1,310,544	891,077	1,045,067	850,232
2011	9,215,186	-	1,279,984	988,502	1,114,116	714,933
2010	9,273,614	-	1,288,175	953,403	1,025,104	720,569
2009	8,367,220	-	1,133,682	908,788	923,789	622,381
2008	7,773,093	-	1,064,290	937,989	1,113,334	1,148,983
2007	7,051,583	-	902,608	1,372,788	1,070,593	1,084,244
2006	5,787,207	-	993,224	1,283,204	1,207,887	1,349,030

Source: Middletown Township Financial Statements

<u>Parking Tax</u>	<u>Per Capita Taxes</u>	<u>Mechanical Device Tax</u>	<u>Total</u>
\$ 260,992	\$ 139,627	\$ 34,600	\$ 21,126,631
226,091	142,633	36,500	18,278,195
214,177	146,035	39,326	13,924,356
238,155	141,588	36,960	13,770,774
225,038	136,412	40,420	13,714,591
247,386	141,815	43,180	13,693,246
227,635	141,315	43,540	12,368,350
198,218	142,568	44,140	12,422,615
198,755	158,032	42,360	11,880,963
-	138,885	41,274	10,800,711

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

<u>Year</u>	<u>Real Property Assessed Value (1)</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Values of Real Property</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value (3)</u>	<u>Middletown Township Municipal Millage Rate</u>
2015	\$ 616,397,560	\$ 86,323,950	\$ 530,073,610	\$ 6,964,944,181	8.85%	17.57
2014	613,100,780	85,434,250	527,666,530	6,620,958,747	9.26%	17.57
2013	613,224,920	85,640,790	527,584,130	6,746,148,735	9.09%	17.57
2012	617,653,240	88,126,470	529,526,770	6,670,121,382	9.26%	17.57
2011	617,093,965	87,924,280	529,169,685	6,972,813,164	8.85%	17.57
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

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

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

Year	Direct Rates			Overlapping Rates			Neshaminy School District	Total Direct & Overlapping Millage Rates
	Township of Middletown			Bucks County, PA				
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage	Total County Millage		
2015	12.425	5.145	17.57	18.32020	4.87980	23.20000	152.00	192.77000
2014	12.125	5.445	17.57	18.29750	4.90250	23.20000	152.00	192.77000
2013	12.125	5.445	17.57	18.79630	4.40370	23.20000	152.00	192.77000
2012	12.125	5.445	17.57	18.79630	4.40370	23.20000	152.00	192.77000
2011	12.270	5.300	17.57	17.58870	4.35341	21.94211	152.00	191.51211
2010	11.570	6.000	17.57	17.58870	4.35341	21.94211	152.00	191.51211
2009	11.460	4.380	15.84	17.58870	4.35341	21.94211	152.00	189.78211
2008	11.460	3.380	14.84	17.58870	4.35341	21.94211	148.60	185.38211
2007	9.730	3.610	13.34	17.10766	4.83445	21.94211	148.60	183.88211
2006	8.670	2.610	11.28	17.10766	4.83445	21.94211	137.40	170.62211

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%).

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

Taxpayer	Type of Business	December 31, 2015			December 31, 2005		
		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	\$ 19,574,660	1	3.69%	\$ 25,348,110	1	4.81%
Saint Mary Hospital	Healthcare	4,565,800	2	0.86%	-	-	-
800 (Eight) Trenton Assoc	Apartment Complex	4,368,800	3	0.82%	4,368,800	3	0.83%
Jefferson Woods	Residential Community	4,157,100	4	0.78%	-	-	-
Home Properties	Real Estate Investment	3,618,530	5	0.68%	1,924,400	9	0.37%
Shoppes at Flowers Mills	Shopping Center	3,614,110	6	0.68%	2,731,320	5	0.52%
Attleboro Retirement Community LLC	Retirement & Assisted Living	2,842,720	7	0.54%	2,861,160	4	0.54%
TLC Reedman L P	Auto Dealership	2,831,800	8	0.53%	-	-	-
Bucks Co BP Investors LLC	Real Estate Investment	2,490,680	9	0.47%	-	-	-
Guttman	Real Estate Investment	2,331,110	10	0.44%	2,310,080	6	0.44%
Weissenberger	Apartment Complex	-	-	-	2,029,280	7	0.39%
Summit Square Assoc	Retail Complex	-	-	-	1,820,000	10	0.35%
Pennswood Village	Retirement Community	-	-	-	4,652,680	2	0.88%
Liberty Properties LTD	Real Estate Development	-	-	-	1,956,760	8	0.37%

(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 \$530,073,610

(3) Information supplied by Tom Kearns, Middletown Township Tax Collector

(4) Information derived from Bucks County, PA Real Estate Assessment Roll; Total Taxable Assessed Valuation is \$526,948,040

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

Year	Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 9,313,395	\$ 9,196,842	98.75%	\$ -	9,196,842	98.75%
2014	9,271,102	9,152,233	98.72%	76,136	9,228,369	99.54%
2013	9,269,654	9,125,700	98.45%	131,923	9,257,623	99.87%
2012	9,303,787	9,158,419	98.44%	144,083	9,302,502	99.99%
2011	9,297,511	9,125,921	98.15%	163,334	9,289,255	99.91%
2010	9,298,317	9,157,257	98.48%	138,476	9,295,733	99.97%
2009	8,398,728	8,259,727	98.34%	137,142	8,396,869	99.98%
2008	7,856,901	7,682,316	97.78%	172,879	7,855,195	99.98%
2007	7,102,588	7,014,530	98.76%	87,894	7,102,424	100.00%
2006	5,962,587	5,752,009	96.47%	210,578	5,962,587	100.00%

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

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

	Fiscal Year			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 61,639,756	\$ 61,310,078	\$ 61,322,492	\$ 61,765,324
Total Net Debt Applicable to Limit	24,578,721	26,564,333	24,008,367	26,195,077
Legal Debt Margin	<u>\$ 37,061,035</u>	<u>\$ 34,745,745</u>	<u>\$ 37,314,125</u>	<u>\$ 35,570,247</u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 39.87%	 43.33%	 39.15%	 42.41%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 530,073,610
Add back: exempt real property	86,323,950
Total assessed value	<u>\$ 616,397,560</u>
 Debt limit (10% of total assessed value)	 \$ 61,639,756
Debt applicable to limit:	
General obligation bonds	25,315,000
Less: Amount set aside for repayment of general obligation debt	<u>(736,279)</u>
Total net debt applicable to limit	<u>24,578,721</u>
Legal debt margin	<u>\$ 37,061,035</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.

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
	\$ 61,709,397	\$ 61,439,591	\$ 61,505,359	\$ 61,523,713	\$ 61,069,298	\$ 60,702,488
	28,008,228	29,526,031	31,396,921	33,161,341	24,613,190	26,156,085
	<u>\$ 33,701,169</u>	<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>
	45.39%	48.06%	51.05%	53.90%	40.30%	43.09%

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

Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Term Loan	Term Loan			
2015	\$ 25,707,756	\$ 555,529	\$ 73,615	\$ 26,336,900	1.55%	\$ 580
2014	27,669,635	615,816	\$ 149,448	28,434,899	1.75%	625
2013	24,447,431	-	220,875	24,668,306	1.53%	539
2012	26,529,949	-	288,154	26,818,103	1.66%	586
2011	28,129,935	-	351,525	28,481,460	1.83%	626
2010	29,968,127	298,761	411,215	30,678,103	1.92%	654
2009	31,451,197	322,979	467,436	32,241,612	2.77%	698
2008	32,851,376	350,226	520,390	33,721,992	2.90%	730
2007	24,635,002	399,795	570,268	25,605,065	2.18%	549
2006	26,189,022	506,759	617,249	27,313,030	2.31%	583

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.

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

Year	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund (2)	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2015	\$ 25,781,371	\$ 1,209,796	\$ 24,571,575	0.32%	\$ 506
2014	28,434,899	650,667	27,784,232	0.42%	611
2013	24,668,306	251,633	24,416,673	0.36%	528
2012	26,818,103	124,923	26,693,180	0.39%	577
2011	28,481,460	81,772	28,399,688	0.41%	616
2010	30,678,103	403,969	30,274,134	0.44%	630
2009	32,241,612	423,079	31,818,533	0.53%	672
2008	33,721,992	183,659	33,538,333	0.52%	708
2007	25,605,065	366,810	25,238,255	0.44%	521
2006	27,313,030	416,765	26,896,265	0.44%	551

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

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

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

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

(4) See Schedule 13 for population data.

TOWNSHIP OF MIDDLETOWN
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 DECEMBER 31, 2015

<u>Government Unit</u>	<u>Gross Outstanding Debt</u>	<u>Percentage Applicable to Middletown Township</u>	<u>Amount Applicable to Middletown Township</u>
Neshaminy School District (2)	\$ 148,220,650	67.51%	\$ 100,063,761
Bucks County (3)	276,253,000	6.54%	(4) <u>18,066,946</u>
Sub-Total, Overlapping Debt			118,130,707
Township of Middletown (1)	<u>26,263,285</u>	100.00%	<u>26,263,285</u>
Total	<u>\$ 450,736,935</u>		<u>\$ 144,393,992</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 - per finance director Betsy, rate doesn't change

(3) Bucks County Finance Office

(4) Proportion share of Bucks County's existing debt as of December 31, 2015 based on ratio of Middletown Township's assessed valuation (see Schedule 5) to Bucks County's 2015 assessed valuation of \$8,104,154,000 (source: Bucks County Board of Assessments) Percentage is found by taking the total taxable assessed value/assessed valuation .

**TOWNSHIP OF MIDDLETOWN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2015	45,438	\$ 1,698,745	\$ 37,386	43.1	8,456	4.00%
2014	45,478	1,624,292	35,716	42.6	8,413	4.80%
2013	45,436	1,600,074	35,216	42.6	8,356	5.60%
2012	45,436	1,600,074	35,216	42.6	8,517	7.50%
2011	45,436	1,555,592	34,237	42.6	8,568	6.20%
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%

Sources:

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

(2) Neshaminy School District

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

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

Employer	Type of Business	December 31, 2015 (1)			December 31, 2005 (2)		
		Employees	Rank	Percentage of Total Township Employment (2)	Employees	Rank	Percentage of Total Township Employment (3)
St Mary Medical Center	Healthcare	2,370	1	8.69%	2,983	1	11.39%
SeaWorld Parks & Entertainment	Entertainment/Theme Park	1,232	2	4.52%	1,629	3	6.22%
Neshaminy School District	Education	1,086	3	3.98%	1,888	2	7.21%
Woods Services, Inc.	Education	931	4	3.41%			
Giant Food Stores LLC	Retail	503	5	1.84%			
Pennswood Village	Retirement Community	437	6	1.60%	463	8	1.77%
George School	Education	307	7	1.13%			
Reedman-Toll LP	Retail/Automotive	297	8	1.09%	637	6	2.43%
Target Corporation	Retail	295	9	1.08%			
Macy's Retail Holdings, Inc.	Retail	294	10	1.08%	697	5	2.66%
ICT Group, Inc.	Communication Services				848	4	3.24%
Lenox	Retail				581	7	2.22%
Abercrombie & Fitch, Inc.	Retail				404	9	1.54%
McCafferty Ford Sales, Inc.	Retail/Automotive				366	10	1.40%
Total		7,752		28.41%	10,496		

(1) Information provided by Keystone Collections Group

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

(3) Information derived from Commonwealth of PA, Department of Labor & Industry; Total Midd Twp. Civilian Labor Force is 25,100 (2014) and 26,200 (2005)

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Administration	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	4.0	4.0
Finance	5.0	5.0	5.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5
Personnel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police										
Police Officers	54.0	51.0	51.0	48.0	50.0	52.0	52.0	53.0	53.0	52.0
Police Civilians (1)	13.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Public Works										
Administration	2.5	3.0	3.0	2.5	3.5	3.5	3.5	3.5	3.5	3.5
Maintenance/Labor	12.5	12.0	11.0	11.0	11.0	13.0	13.0	13.0	13.0	12.0
Summer/Seasonal	3.0	3.0	4.0	4.0	4.0	6.0	6.0	4.0	4.0	4.0
Community Services										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Custodial/Labor (2)	-	-	-	-	0.5	0.5	0.5	2.0	2.0	2.0
Emergency Services										
Officers/Inspectors	3.0	3.0	3.0	2.5	2.5	3.5	3.5	3.5	3.5	3.5
Administration	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.5	1.5	1.5
Parks & Recreation										
Administration	3.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0	3.5	3.5
Equipment Operation/Labor	3.5	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Summer Rec/Seasonal	22.0	24.0	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Misc Program Facilitators	8.0	8.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Licenses, Inspections & Zoning	5.0	7.0	7.0	6.5	5.0	5.5	5.5	5.5	5.5	5.5
Totals	<u>142.5</u>	<u>148.0</u>	<u>146.5</u>	<u>141.0</u>	<u>142.5</u>	<u>149.0</u>	<u>149.0</u>	<u>151.0</u>	<u>151.5</u>	<u>149.5</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

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

<u>Function/Program</u>	Fiscal Year			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government (1)				
Building Inspections Conducted	1,426	3,008	2,678	2,666
Plumbing Inspections Conducted	629	758	595	539
Building Permits Issued	628	810	880	786
Plumbing Permits Issued	312	395	310	226
Electrical Permits Issued	421	482	370	281
Residential Value of Construction/Issued Permits	13,131,173	13,822,476	12,303,222	8,120,371
Commercial Value of Construction/Issued Permits	22,327,057	21,928,028	53,381,440	18,057,473
Police (2)				
Criminal Arrests	1,071	918	535	760
Traffic Citations	3,677	2,713	1,015	1,265
Accident Reports	1,740	1,761	1,789	1,763
Parking Violations	407	105	71	72
Animal Control Cases Investigated	418	549	507	501
Animal Control Warnings Issued	16	35	25	20
Animal Control Prosecutions Instituted	13	21	13	18
Parks & Recreation (3)				
Recreation Program Participants	15,531	15,800	15,822	11,050
Program Sessions Offered	356	380	378	376
Public Works (4)				
Roads Resurfaced (linear feet) by DPW	61,900	19,483	5,270	-
Number of Trees Removed/Trimmed	96	156	297	230
Number of Signs Repaired/Installed	234	103	95	96
Number of Drainage/Storm Drains Unclogged	77	72	56	145
Number of Repaired Potholes	1,712	2,228	647	607
Number of Repaired Sinkholes	40	32	84	64
Emergency Services (5)				
Total Estimated Emergency Fire Calls	2,000	2,000	1,000	1,081
Residential Fires	27	22	10	14
Business/Industrial Fires	2	2	2	3
Fire Investigations Conducted	342	917	193	207
Hazardous Materials/Petroleum Spill Calls	51	42	46	64
Mechanical Inspections Conducted	312	250	242	247
Fire Safety Inspections Conducted	1,911	1,825	1,604	1,634

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
2,519	2,672	2,818	2,922	2,850	3,121
476	484	668	700	494	679
759	853	795	924	793	987
218	233	235	286	250	257
300	324	260	364	354	433
8,581,482	12,819,482	10,655,114	23,051,941	11,160,481	16,568,803
53,376,259	31,916,655	7,902,476	29,882,882	43,828,263	151,193,962
895	776	1,538	1,857	1,900	1,644
3,024	2,632	2,377	4,168	4,806	4,597
2,003	1,856	2,075	1,971	2,055	2,009
381	95	122	115	121	156
622	626	446	631	721	764
20	37	27	34	42	53
29	30	25	10	27	33
7,641	8,751	7,650	8,427	7,319	7,800
404	392	394	356	357	311
-	-	1,468	-	5,755	134
112	131	88	81	98	137
94	99	163	167	306	224
120	22	90	80	110	105
438	570	644	265	391	375
67	38	35	64	98	55
1,142	1,850	1,902	992	997	1,178
30	17	11	39	46	50
2	3	2	1	12	31
29	214	309	275	291	40
40	54	7	97	93	17
235	197	164	181	386	478
1,612	1,570	1,508	1,412	1,322	1,525

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

<u>Function/Program</u>	Fiscal Year			
	2015	2014	2013	2012
General Government (1)				
Square Footage Occupied	56,122.00	56,122.00	56,122.00	56,122.00
Inspection Vehicles	2	2	2	2
Other Departmental Vehicles	1	1	1	1
Police (2)				
Stations	1	1	1	1
Patrol Units	45	46	46	45
Trained Canines	4	4	4	4
Parks & Recreation (3)				
Number of Recreation Facilities	19.0	19.0	19.0	19.0
Acreage of Park Land	142.0	142.0	142.0	142.0
Acreage of Greenbelts/Open Space	529.0	529.0	529.0	518.0
Public Works (4)				
Municipal Street (lane miles)	137.70	137.77	137.77	137.77
Streetlights	2,700	2,700	2,700	2,700
Public Service Vehicles	24	24	24	24
Off-road Equipment	7	7	7	7
Office Garage Complex	2	2	2	2
Salt Storage Buildings	1	1	1	1
Emergency Services (5)				
Fire Stations	6	6	6	6
Vehicle Units	31	31	31	32

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
56,122.00	56,122.00	56,122.00	56,122.00	56,122.00	56,122.00
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
50	50	50	50	50	50
2	3	4	4	4	4
19.0	19.0	19.0	18.0	18.0	18.0
141.5	141.5	141.5	136.5	136.5	136.5
518.0	518.0	518.0	523.0	523.0	523.0
137.77	137.77	137.77	137.77	137.77	137.77
2,700	2,700	2,700	2,700	2,700	2,700
24	24	24	24	23	23
7	7	7	7	7	7
2	2	1	1	1	1
1	1	1	1	1	1
6	8	8	7	7	7
32	28	28	25	25	25