

TOWNSHIP OF  
**— MIDDLETOWN —**  
BUCKS COUNTY  
COMMONWEALTH OF PENNSYLVANIA



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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FISCAL YEAR ENDED DECEMBER 31, 2022

**TOWNSHIP OF MIDDLETOWN**  
**BUCKS COUNTY, PENNSYLVANIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED DECEMBER 31, 2022**

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

Mega Bhandary  
Director of Finance

TOWNSHIP OF MIDDLETOWN  
BUCKS COUNTY, PENNSYLVANIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2022

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## INTRODUCTORY SECTION

July 3, 2023

To the Township Manager 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, 2022, is hereby submitted.

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

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

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

### **Financial Entity**

Middletown Township administers a full range of municipal services. These services include police and fire protection; construction and maintenance of streets, storm sewers and other infrastructures; recycling, yard waste and residential solid waste services; zoning regulation and building inspection; park and recreational activities; and the maintenance and replacement of streetlights. 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 four volunteer fire companies and PennDel Middletown Emergency Squad serving Middletown residents are made through real estate tax levies.

### **General Information**

The governing body of the Township is the Board of Supervisors, 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 oversees all aspects of municipal operations.

The Township of Middletown, established in 1692, is 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 several major retail shopping areas in the Township, notable of which are the Oxford Valley Mall and adjacent Route One shopping district, the Langhorne Square Shopping Centre, Lincoln Plaza Center, the Shoppes at Flowers Mill and the Summit Square Shopping Center. The township is also home of Sesame Place an amusement park suited for young children and St. Mary's Medical Center, a non-profit hospital with a Level II Trauma Center.

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

### **Economic Conditions and Outlook**

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

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

## Current Year

Middletown Township has remained committed throughout 2022 to providing excellent service and maintaining efficiency across the organization. Each department worked tirelessly and contributed toward making Middletown Township a great and safe community. Three significant financial goals were achieved in 2022, as Middletown Township was awarded the Distinguished Budget Presentation Award by Government Finance Officers Association (GFOA), the Certificate of Achievement for Excellence in Financial Reporting (GFOA), and Moody's affirmed Middletown Township's "Aaa" credit rating and "stable" outlook. The Distinguished Budget Award and the Comprehensive Annual Financial Report Award represents a commitment by the Board of Supervisors and staff to meet the highest principles of governmental budgeting and places Middletown Township in an elite group of governmental agencies to achieve this recognition. The Township's Fund Balance has also adhered to the Township's Fund Balance Policy, which requires that a minimum of three months or 25% of the most recent Fiscal Year total revenue be held in both the General Fund and the Parks and Recreation Fund.

Middletown Township finances have been significantly impacted by the global COVID-19 pandemic over the past two years - initially with significant revenue losses in 2020, followed by the unanticipated influx of more than \$4.7 million in 2021 and 2022 from the American Rescue Plan Act (ARPA). In 2022, Middletown Township experienced a strong revenue rebound that can be attributed to higher resident wages and increased development activity in the community - with Earned Income Tax, Real Estate Transfer Tax and Permit Fees all tracking higher than anticipated.

The Township took several steps to secure as much revenue as possible, decrease expenditures, and increase efficiency throughout 2022 to negate as much financial impact as possible. Township staff worked diligently to secure more than \$10,000,000 in grants since 2011. In 2022, Middletown received \$80,065 in federal/state grant funds for COVID-related expenditures and \$2,353,278 in American Rescue Plan Act (ARPA) funding. Total ARPA funding that must be allocated to specific expenditures in the next two years is \$4,721,437. Other grants received in 2022 include: \$10,000 PECO Green Region Grant, \$368,612 Bucks County Redevelopment Authority Grants for Township vehicles, \$150,000 Community Development Block Grant for accessible curb ramps and \$150,814 Department of Environmental Protection (DEP) Recycling Performance Grant.

Middletown Township participates in two separate municipal insurance pools, the Delaware Valley Health Insurance Trust (DVHT) and Delaware Valley Workers' Compensation Trust (D VWCT). Municipal insurance pooling has been critical to stabilizing insurance costs in these two categories. In 2022 renewal from DVHT for health insurance 3%, a fraction of the typical renewal rates experienced by the Township in the commercial market. The D VWCT 2023 renewal will be impacted by an increased frequency in Workers' Compensation claims over the past year. Increased rates will be mitigated using Rate Stabilization Funds that are part of the Delaware Valley Trust membership rewards program. The Township's Property and Liability Insurance went out to market at the end of 2022 due to a need to add cyber liability coverage. This new coverage has added an additional \$35,000 in cost.

Middletown Township was recognized for its Climate Action Plan in 2022, receiving a Pennsylvania Governor's Award for Excellence in Local Government for Innovative planning & Sound Land Use Practices. Middletown Township was the first municipality in Bucks County and one of the first in suburban Philadelphia to adopt a Climate Action Plan in 2021. Also in 2022, The Board of Supervisors authorized an electric supply contract with 100% renewable energy which took effect in May 2023. The Township has also been a leader in the installation of public electric vehicle charging stations. In 2022, two additional EV stations were installed at Styers Market.

Commercial construction dominated the projects that were completed or proposed to the Board of Supervisors throughout 2022. Most commercial construction is occurring on or around the Business Route 1 commercial corridor. Several restaurants in the Lincoln Plaza Shopping Center and along Lincoln Highway are under construction. A few large retail anchor spaces are transitioning to new businesses in this area, including a car wash now open for business at the location of the former Toys-R-Us building. The Oxford Valley Mall has also started the development of a multi-family residential community. Other residential construction within the Township mostly comprised of individual homes.

2022 marked the ninth year of the Fifteen-Year Road Improvement Program and included the paving of nearly four miles of Township roadways. More than 74 miles of Township roads have been paved since this program began. The Township's vehicle and equipment replacement needs have been consistently met by the Bucks County Redevelopment Authority (RDA) Grant Program with supplemental funding from the Capital Fund and the Road Machinery Fund. Vehicle replacement has been streamlined through strategic oversight and implementation of departmental vehicle replacement plans, reflected in the Capital Improvement Plan. The Township also completed several emergency storm water projects to improve drainage throughout the community. Township staff and consultants have also been working with the Pennsylvania Department of Transportation (Penn DOT), planning several traffic improvement projects that, in the coming years, will add turn lanes, widen roads, and improve traffic signals.

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

Township employees are represented by four separate collective bargaining units: Police Benevolent Association (PBA), Independent Association of the Department of Public Works (DPW), Teamsters Local 107, and Crossing Guard Association. All four collective bargain agreements included 3.5% wage increases for 2022. Middletown Township is served by four volunteer fire companies. Dedicated volunteers from each of the four fire companies provide fire suppression response during evening and weekend hours while firefighters from the Department of Fire and Emergency Services provide daytime response.

The Police Department is a full-service law enforcement agency, providing comprehensive policing services to our community. It has adopted the concept of community policing with emphasis on problem-oriented policing. The Department works in partnership with the community addressing all issues affecting our residents and businesses. In partnership with the Oxford Valley Mall, the department has opened and maintains a substation at the mall. The Department also provides police protection for Sesame Place during their months of operation. The Department received accreditation under the Pennsylvania Chiefs of Police Association/Pennsylvania Law Enforcement Accreditation Commission in December 2008, December 2011, December 2015, December 2018, and December 2021. This accreditation, which is renewed every three years, requires the Department to meet one hundred thirty-one (131) professional standards. Out of approximately 1,100 departments in Pennsylvania, Middletown was the 61st to achieve accreditation. Only about 100 of the 1,100 police departments in Pennsylvania have achieved this accreditation. Currently the Police Department has fifty-six (59) police officers, including the Chief, seven (7) full time administrators, six (6) part time administrators, and fifteen (17) part time non-sworn personnel (Crossing Guards and Community Safety Officers). The Police Department is divided into two divisions Patrol and Criminal Investigation. The Department has several special units which include a K-9 Unit and an Accident Investigation Unit. The Police Department committed to public safety and the community in 2022.

The Police Department hosted their yearly large community event National Night Out (a block party with hundreds of participants at the Municipal Center to celebrate the Police Department's connections and partnership with the community) and supported the annual Shop with a Cop charity event, run by Middletown Community Foundation where they were able to collect funds to support children in need during the Christmas Holiday Season. Additionally, the Police Department replaced several vehicles largely with grant funding, as well as upgraded their Mobile Data Terminals (MDT's).

The Department of Public Works is responsible for maintaining over 140 miles of roads and over 700 acres of park, open space, and recreation lands owned by Middletown Township. The staff maintains and repairs the approximately 2,700 streetlights owned by the Township and maintains all Township-owned buildings, structures, and infrastructures. Seasonally, staff oversees grass cutting on Township properties as well as snow plowing on Township roads. Public Works staff also respond to complaints and tips about equipment that needs to be repaired or areas of the Township that require their services. Currently the Department of Public Works has twenty-two (22) full time employees, which includes the Superintendent as well as 1 administrator, one (1) part-time specialist, and five (5) seasonal employees. 2022 marked the ninth year of the Fifteen-Year Road Improvement Program and included the paving of nearly four miles of Township roadways. More than 74 miles of Township roads have been paved since this program began.

The Department of the Fire and Emergency Management responds to emergencies and promotes fire safety practices to educate the public, businesses, and schools with nationally recognized best practices. Certified fire investigators investigate all fires for origin and cause and analyze the data to develop and implement effective fire prevention programs. Staff performs commercial and multi-family fire inspections to help reduce the number of fires and their effects. Currently the Fire and Emergency Management department consists of one (1) Chief, one (1) Fire Marshal, five (5) Fire Fighters, and part time per diems who fill in when needed. The Department of Fire and Emergency Management worked tirelessly to keep the community safe in 2022. Staff continued their response to emergency calls related to fires and hazardous spills. They also continued their yearly fire inspections. This year staff ran programs for businesses, daycares and schools, and elderly communities to make those places safer. Their dedication and efforts have made Middletown a safer community. Middletown Township, in cooperation with the fire companies, developed a Strategic Plan to implement recommendations from the 2021 Fire Services Study. The Board of Supervisors agreed in 2022 to begin to cover Middletown Township's portion of Workers' Compensation Insurance annually for each company. An allocation of \$80,000 is included in the Fire Protection Fund to cover this cost.

The Department of Parks and Recreation is responsible for the conservation and preservation of open space and natural resources, and the use and maintenance of all Township recreation facilities, parks, and open space. The department provides recreation programs and events that meet the needs and interests of the residents, contribute to the health and well-being of the community, and encourage a sense of community pride and identity. Currently the Parks and Recreation department consists of one (1) Director, three (3) administrators, and several seasonal and part time recreation employees. The Department of Parks and Recreation provided modified programs and community events throughout the year. Events such as Earth Day, the Holiday Open House, and Beer Garden events that provide entertainment and recreation for visitors were hosted at normal capacity following the pandemic. The Department also completed a large renovation at Twin Oaks Park which included grading and drainage upgrades, parking lot resurfacing, and LED Lighting upgrades. Department staff manages public use of the Community Center, Community Park Barn, and Municipal Center, and assists the volunteers on the Parks and Recreation Board, Environmental Advisory Council, and 4th of July Parade Committee.

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

### **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, except for the pension trust funds and the custodial funds are included in the annual appropriation budget. The Board of Supervisors establishes the level of budgetary control in the broad categories contained in the Basic Financial Statements. Appropriations lapse at the close of the fiscal year and must be re-appropriated the following year.

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

### **Policies and Procedures**

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

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

## **Cash Management**

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

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

The proceeds from the 2002 sale of the Township's public water and sewer systems have been held in a reserve fund, known as the Investment Fund, and invested through third-party investment management firms that have considerable professional experience and knowledge in the management of public investments. The fair value of those investments totals \$40.9 million as of December 31, 2022.

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, 2022, is the firm Bee, Bergvall & Co., Certified Public Accountants. The independent auditor's report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the Financial Section of this report. They have issued an unqualified opinion for the year ended December 31, 2022.

## **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Middletown for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2021. That year was the Nineteenth overall year that Middletown Township has achieved this certificate of achievement. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

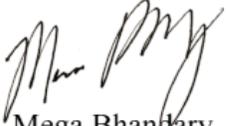
A Certificate of Achievement is valid for a period of one year only. The Township believes that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we intend to submit it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgements**

The publication of this Comprehensive Annual Financial Report continues to reinforce the accountability of Middletown Township to the taxpayers of the community. The preparation of the 2022 Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Department. All others who contributed to the preparation of this report, including members of the Administration, Building and Planning, and Parks and Recreation Departments, The Department of Fire and Emergency Management, the Police Department, and the Department of Public Works have my sincere appreciation for their contributions.

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

Respectfully submitted,

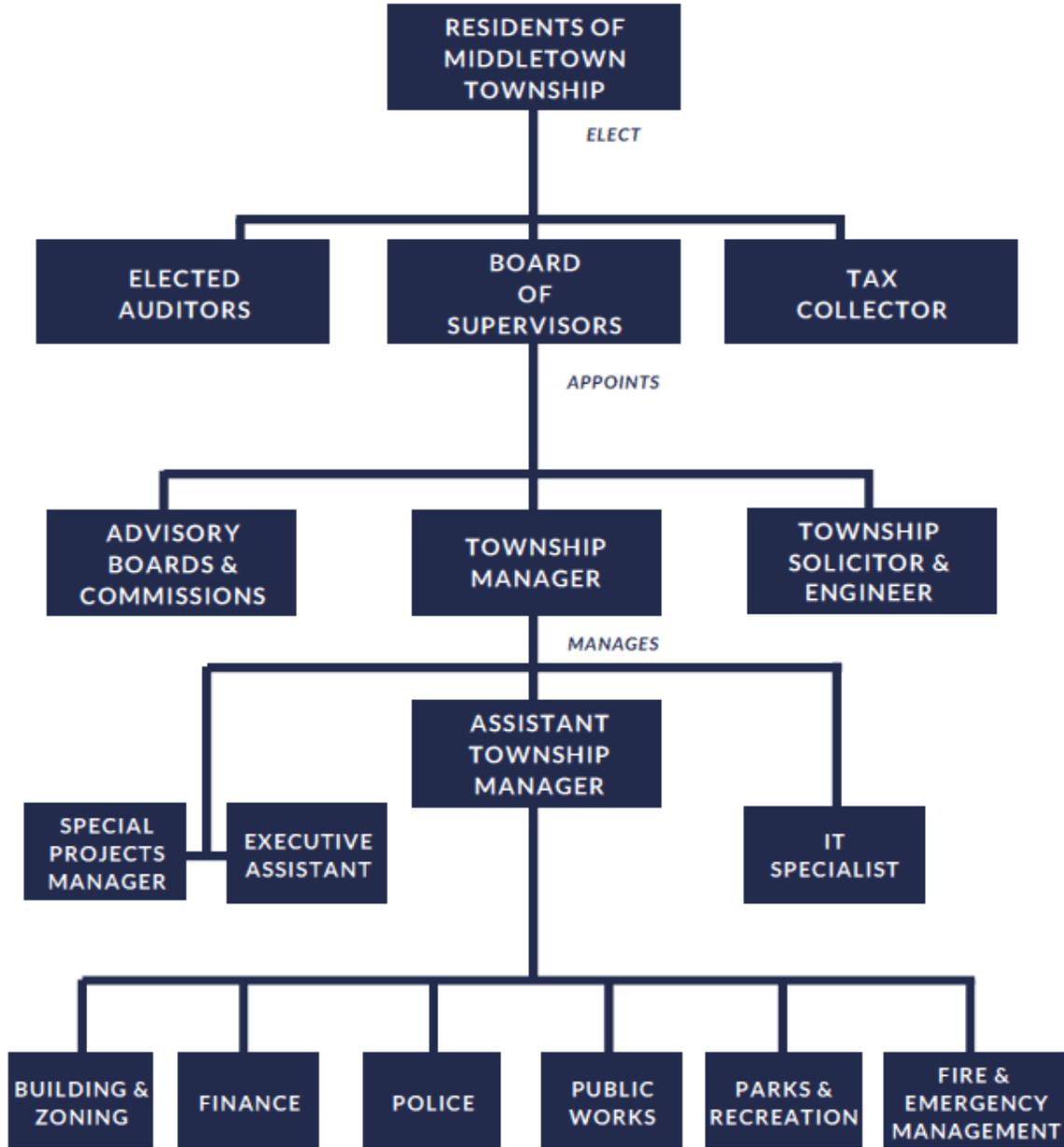
A handwritten signature in black ink, appearing to read 'Mega Bhandary', written in a cursive style.

Mega Bhandary  
Director of Finance

TOWNSHIP OF MIDDLETOWN  
BUCKS COUNTY, PENNSYLVANIA  
ORGANIZATION CHART

December 31, 2022

Organization Chart



APPOINTED CITIZENS ADVISORY BOARDS & COMMISSIONS

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

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

TOWNSHIP OF MIDDLETOWN  
BUCKS COUNTY, PENNSYLVANIA

December 31, 2022

## Elected & Appointed Officials

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### ELECTED OFFICIALS

#### **Board of Supervisors**

Mike Ksiazek, Chairperson  
Anna Payne, Vice Chairperson  
Dawn Quirple, Secretary  
Bernadette Hannah  
Dana Kane

#### **Tax Collector**

Ray Chapman

#### **Elected Auditors**

Hannah Stackawitz, Chairperson  
Linda Pascali, Vice Chairperson  
Mathew Tharakan, Secretary

### APPOINTED OFFICIALS

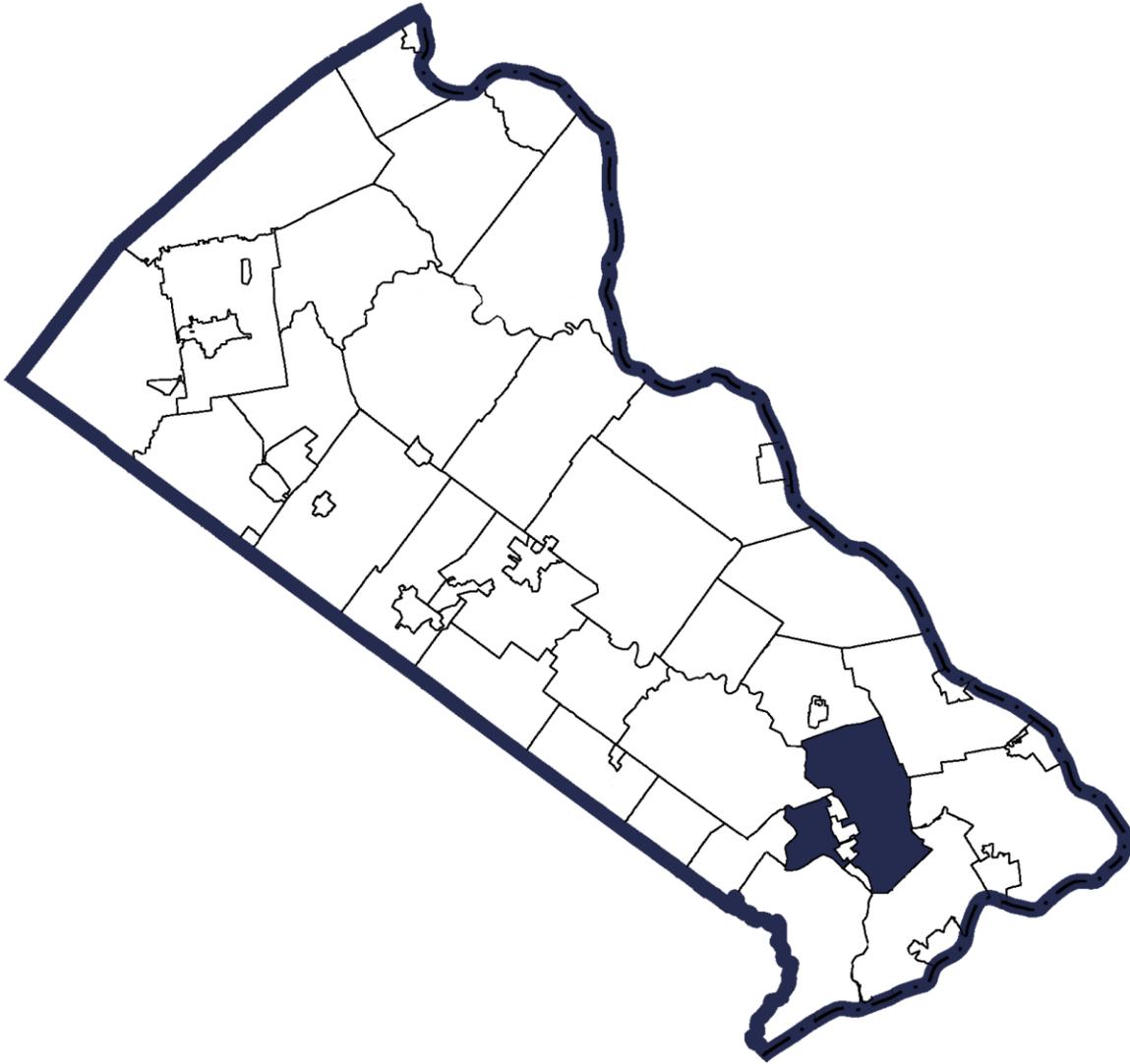
#### **Executive Officials**

Stephanie Teoli Kuhls, Township Manager  
Nick Valla, Assistant Township Manager  
Joseph Bartorilla, Chief of Police  
Christina Bernhardt, Special Projects Manager  
Mega Bhandary, Director of Finance  
Ashley Casey, Executive Assistant  
Jim Ennis, Director of Building & Zoning  
Eric Gartenmayer, Public Works Superintendent  
Don Harris, Interim Director of Fire & Emergency Services  
Paul Kopera, Director of Parks and Recreation

#### **Professional Consultants**

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

Map of Bucks County





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Township of Middletown  
Pennsylvania**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION



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215-343-2727 | [www.bbco-cpa.com](http://www.bbco-cpa.com)

## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Middletown Township, Pennsylvania

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Middletown Township (Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, and the investment fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter-Change in Accounting Principle***

As discussed in Note A to the financial statements, the Township adopted Governmental Accounting Standards Board Statement No. 87, Leases, which requires the recognition of certain lease assets and deferrals for leases for the year ended December 31, 2022. Our opinion is not modified with respect to that matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the historical trend information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

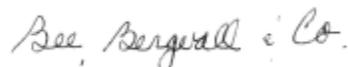
### ***Supplementary Information***

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

### ***Other Information***

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

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



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

Warrington, PA  
July 3, 2023

**Middletown Township  
Bucks County, Pennsylvania**

**Management's Discussion and Analysis (MD&A)  
Required Supplementary Information (RSI)  
For the Fiscal Year Ended December 31, 2022**

**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, 2022. The intent of this discussion and analysis is to look at the Township's financial performance. Readers should also review the independent auditors' opinion letter, the notes to the basic financial statements, and the financial statements themselves to enhance their understanding of the Township's financial performance.

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

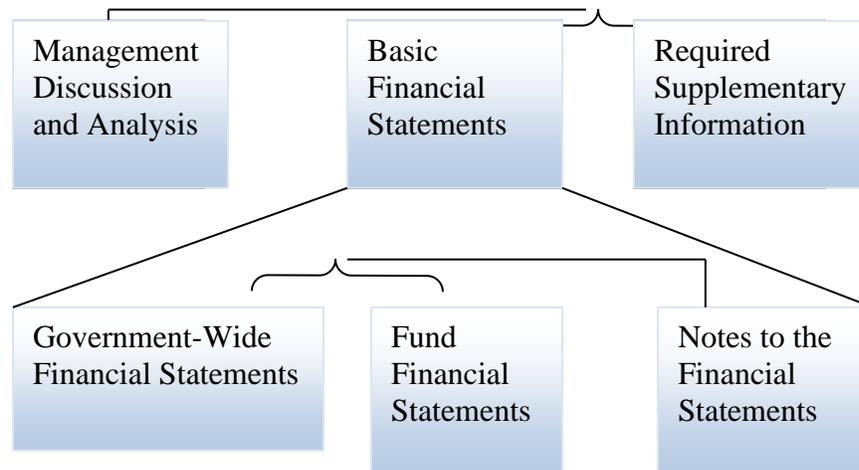
The remaining statements are fund financial statements which focus on the government's major governmental and enterprise funds. Governmental fund financials are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental funds statements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

Proprietary fund statements offer financial information about the activities that the Township operates like a business, that being the Middletown Country Club and the Styer's Farm. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others to whom the resources belong, i.e. Pension and Custodial 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 using accounting methods like 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 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 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 page 24 reports how the Township's Net Position has changed during the current fiscal year. It accounts for all the current year's revenues and expenditures regardless of when cash is received or paid. It also reports depreciation. An important purpose of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues provided by the Township's taxpayers. This is accomplished by displaying expenditures net of program revenue, allocating program revenue to the expenditures categories they offset. General revenues, such as taxes, are reported separately.

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

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

## **Fund Financial Statements**

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

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

**Proprietary Funds** - These funds are used to account for the Township activities that are like 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 Custodial 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 Custodial 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 pages 36 through 78 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 \$73,952,319 and \$71,623,035 at the close of the years ended December 31, 2022 and 2021, respectively.

The following table provides a summary of the Township's Net Position on December 31, 2022 and December 31, 2021:

**Table 1**  
**Summary of Net Position**  
**For the Years Ending 12/31/22 and 12/31/21**  
**(Government-Wide)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 68,621,423	\$ 66,658,048	\$ 1,357,759	\$ 221,909	\$ 69,979,182	\$ 66,879,957
Capital Assets	51,059,697	51,750,348	4,536,643	4,492,440	55,596,340	56,242,788
Total Assets	119,681,120	118,408,396	5,894,402	4,714,349	125,575,522	123,122,745
Deferred Outflows of Resources	10,819,939	1,093,234	-	-	10,819,939	1,093,234
Current and Other Liabilities	6,500,124	3,673,412	588	1,588	6,500,712	3,675,000
Long-Term Liabilities	46,088,689	37,077,406	-	149,364	46,088,689	37,226,770
Total Liabilities	52,588,813	40,750,818	588	150,952	52,589,401	40,901,770
Deferred Inflows of Resources	3,959,927	7,127,777	1,048,886	-	5,008,813	7,127,777
Net Position						
Net investment in Capital Assets	35,428,726	36,934,898	4,536,643	4,492,440	39,965,369	41,427,338
Restricted	3,699,654	2,625,455	-	-	3,699,654	2,625,455
Unrestricted	34,823,939	32,062,682	308,285	70,957	35,132,224	32,133,639
Total Net Position	\$ 73,952,319	\$ 71,623,035	\$ 4,844,928	\$ 4,563,397	\$ 78,797,247	\$ 76,186,432

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 (\$40.9 million in 2022). Government Activities Current and Other Assets increased by \$1,963,375 during 2022. This increase is mainly due to Middletown Townships revenues coming in strong in 2022. The Township's capital assets are comprised of land, buildings, machinery & equipment, and infrastructure, net of accumulated depreciation. The Township uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. In 2022, Capital Assets decreased by \$690,651 as many projects that were planned ended up being delayed due to supply chain delays and bidding delays. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Recent capital asset additions are discussed later in this report and in Note D to the Basic Financial Statements. Deferred outflows of Resources refer to police and non-uniform pension related activity as well as other post-retirement benefits. This amount is \$10,819,939, which is an increase of \$9,726,705 year over year. This increase is due to more than normal retirements (some being age related retirements and others being disability retirements).

Current liabilities consist primarily of accounts payable, various accruals and the current portion of long-term liabilities. Government Activities Current and Other Liabilities increased by \$2,826,712 during 2022, primarily a result of an increase in accounts payable as well as an increase in Debt payable. Long-term liabilities include principal balances owed on various General Obligation Bonds and notes, and accrued sick and severance pay, and Net Pension Liability. The outstanding principal on the 2020 and 2021 bond issues make up \$14,895,000 of the liabilities balance at year end 2022. Debt administration is discussed later in this report and in Note E to the Basic Financial Statements. Net Pension Liability and Net OPEB Liability make up \$15,175,591 and \$13,242,634, respectively, of Long-term Liabilities at year end 2022. Deferred inflows of resources refer to deferred activity related to special assessments, unamortized deferred gains on refunding, leases, police and non-uniform pension, and other post-retirement benefits. This amount is \$3,959,927, which is a decrease of \$3,167,850. This decrease is due to Funding provided by the Federal Government for COVID-19 Related Relief (The American Rescue Act) as well as Police Pension Increases year over year.

The difference between the assets and liabilities is labeled as Net Position. Net Position is broken down as Capital, Restricted and Unrestricted. Net Position Net Investment in Capital Assets is reported net of accumulated depreciation and any outstanding principal owed on related debt. Restricted Net Position is restricted by outside parties: creditors, grantors, contributors, legislation, or other governments. They are restricted for items such as debt service, state highway aid, tax fund legal purpose. The remaining balance is Unrestricted Net Position, and more detail of this can be found in the Government Funds Balance Sheet, pages 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 increased the Township's Net Position by \$2,168,460 during the current fiscal year. Business-type Activities increased the Township's Net Position by \$266,089 during the current fiscal year. These activities are comprised of the Middletown Country Club and the Styer's Farm.

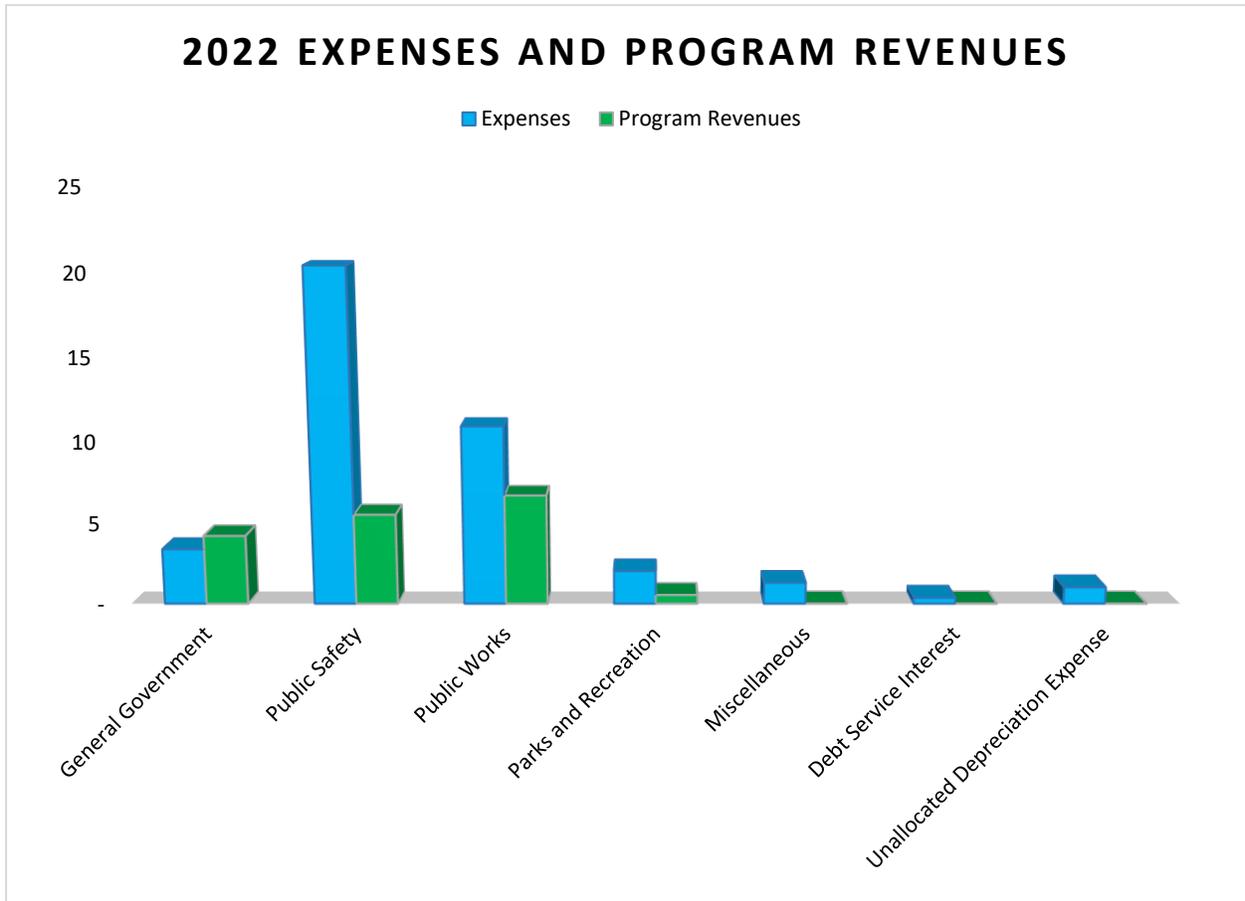
The result of this year's operations is reported in the Statement of Activities on pages 24-25. All expenditures are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expenditures categories are netted against them to determine the final amount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

Table 2 takes the information from the Statement of Activities and rearranges it slightly by showing the Township's total revenues for the year ended December 31, 2022, compared to December 31, 2021.

**Table 2**  
**Changes in Net Position**  
**For the Years Ending 12/31/22 and 12/31/21**  
**(Government-Wide)**

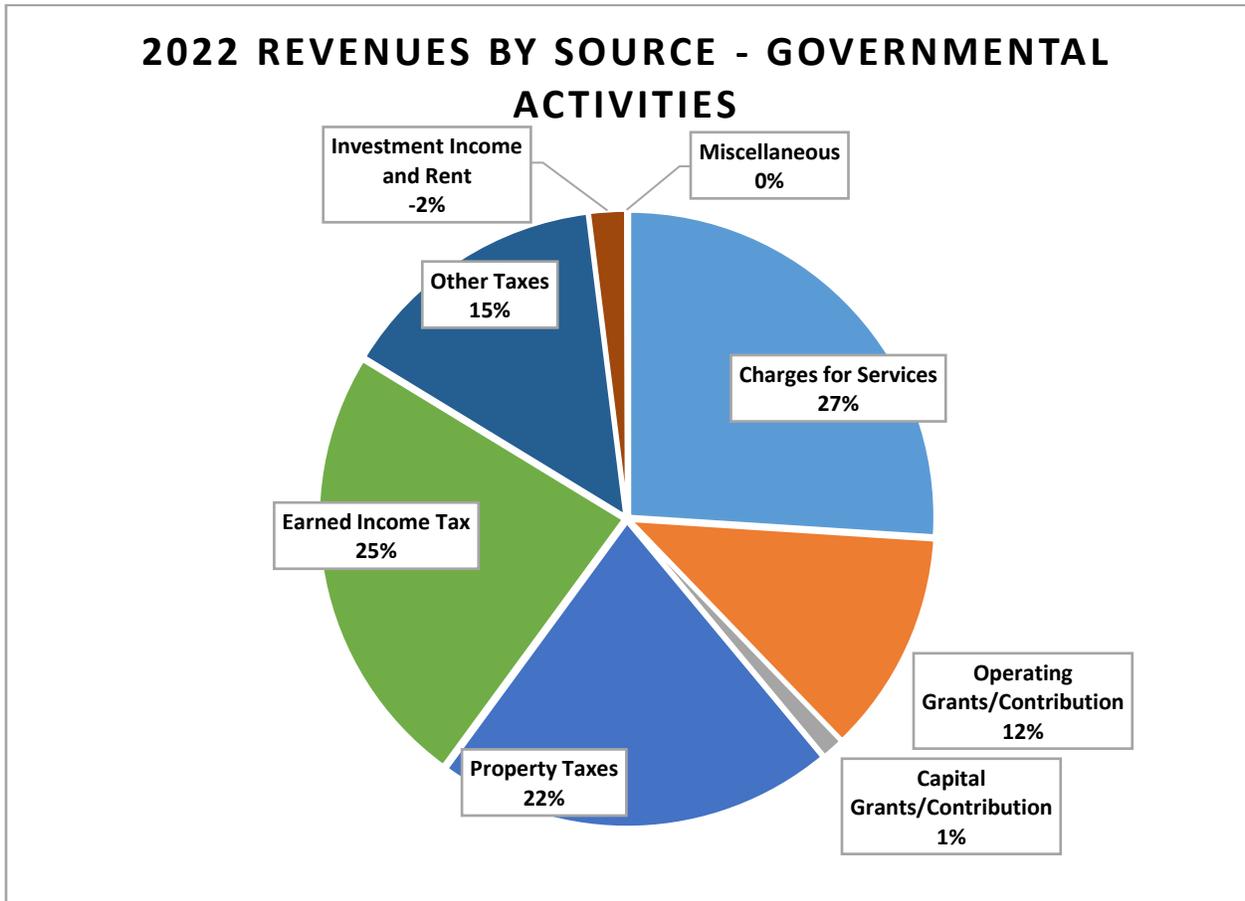
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,258,271	\$ 8,810,041	\$ 103,443	\$ 67,289	\$ 11,361,714	\$ 8,877,330
Operating grants and contributions	5,097,280	2,745,995	-	-	5,097,280	2,745,995
Capital grants and contributions	505,561	162,437	-	-	505,561	162,437
General revenues:						
Property taxes	9,125,317	8,766,317	-	-	9,125,317	8,766,317
Earned income taxes	10,238,441	9,198,305	-	-	10,238,441	9,198,305
Other taxes	6,189,835	6,859,597	-	-	6,189,835	6,859,597
Investment income and rent	(837,403)	866,284	58,363	859	(779,040)	867,143
Miscellaneous	17,184	34,905	-	-	17,184	34,905
Total Revenues	41,594,486	37,443,881	161,806	68,148	41,756,292	37,512,029
Expenses:						
General government	3,367,669	3,959,687	-	-	3,367,669	3,959,687
Public safety	20,354,603	18,344,186	-	-	20,354,603	18,344,186
Public works	10,848,278	10,210,647	-	-	10,848,278	10,210,647
Parks and recreation	2,030,430	2,536,466	-	-	2,030,430	2,536,466
Miscellaneous	1,296,249	1,188,390	-	-	1,296,249	1,188,390
Debt service interest	361,681	355,405	-	-	361,681	355,405
Unallocated depreciation on infrastructure	1,017,752	1,305,214	-	-	1,017,752	1,305,214
Business-type activities - Country Club	-	-	35,954	48,049	35,954	48,049
Business-type activities - Styer's Farm	-	-	9,127	62,558	9,127	62,558
Total Expenses	39,276,662	37,899,995	45,081	110,607	39,321,743	38,010,602
Change in Net Position before transfers	2,317,824	(456,114)	116,725	(42,459)	2,434,549	(498,573)
Transfers, net	(149,364)	-	149,364	-	-	-
Change in Net Position	2,168,460	(456,114)	266,089	(42,459)	2,434,549	(498,573)
Net Position - Beginning of Year	71,783,859	72,079,149	4,578,839	4,605,856	76,362,698	76,685,005
Net Position - End of Year	\$ 73,952,319	\$ 71,623,035	\$ 4,844,928	\$ 4,563,397	\$ 78,797,247	\$ 76,186,432

The following chart shows the Government-wide sources of expenditures and related program revenues for the year ended December 31, 2022:



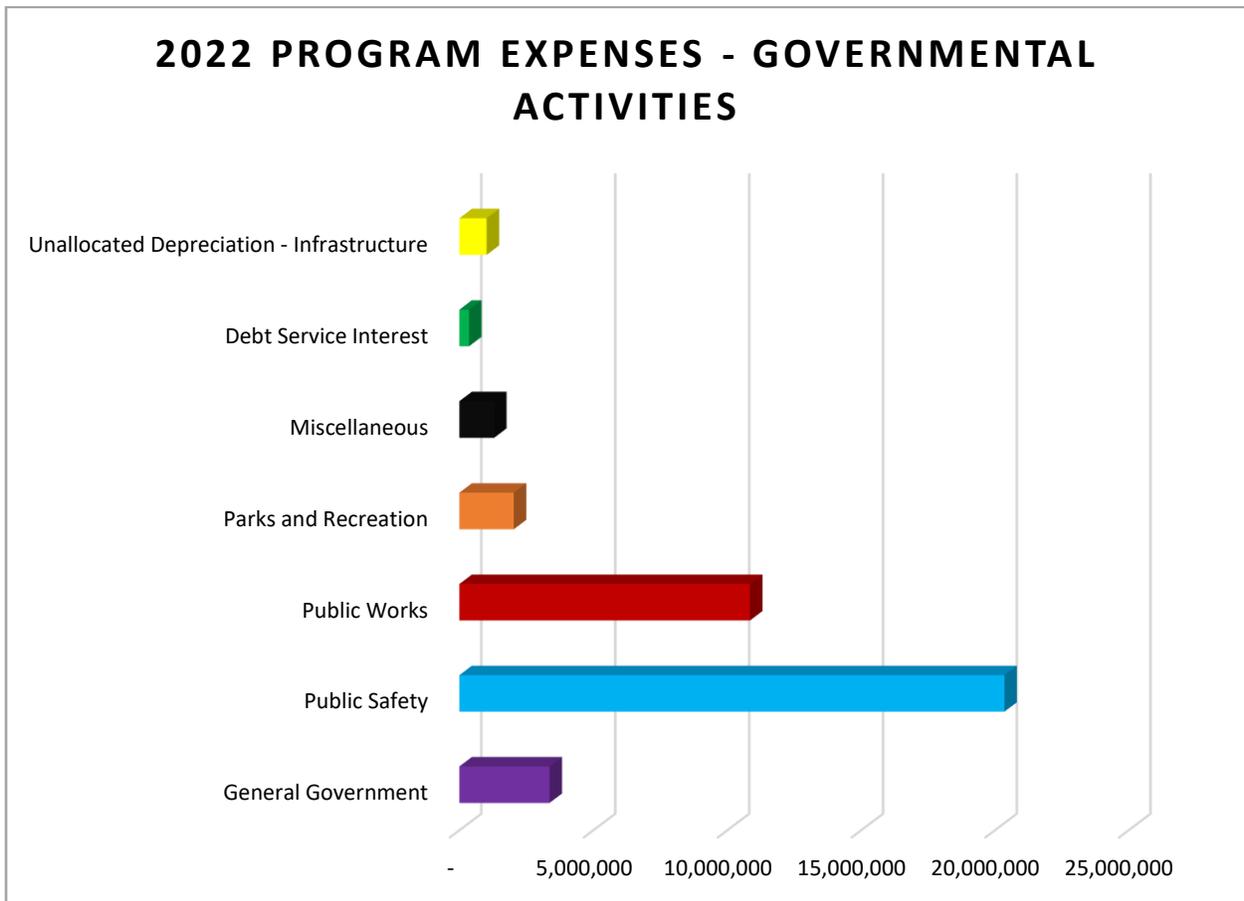
General revenues are required to support the programs. As reflected in the above chart program expenditures exceeded program revenues in almost all areas. General government expenditures vs revenue is the only category where revenue exceeded expenses by \$815,946. Other categories such as public safety expenses exceeded revenue by \$14,870,439, public works by \$4,187,771, and park and recreations by \$1,497,604.

The following chart shows the Government-wide sources of revenues for the year ended December 31, 2022:



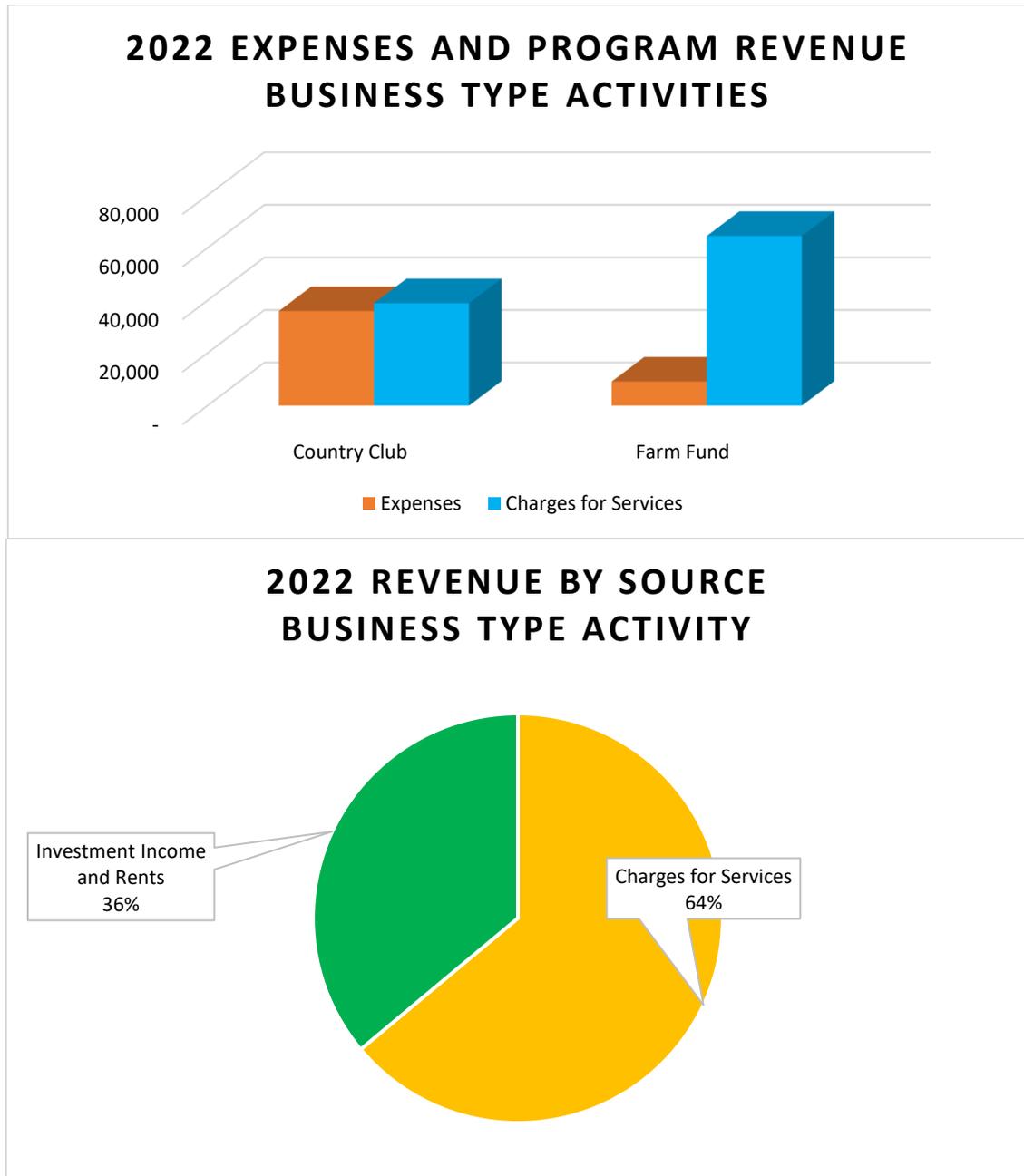
Of the total Government-wide revenues of \$41,594,486, the greatest share came from Charges for Services with revenues of \$11,258,271. The second largest revenue source is Earned Income Taxes with revenues of \$10,238,441. The Third largest revenue source is Property Taxes with revenues of \$9,125,317. Other Taxes include the Township's Act 511 taxes such as the Local Services, Per Capita, Real Estate Transfer, Mercantile, Amusement, Mechanical Device Taxes, and Parking Fees had combined revenues of \$6,189,835. Operating and Capital Grants and Contributions brought in \$5,602,841. Investment income and rents netted a loss from market conditions of (\$837,403). Miscellaneous Income amounting to \$17,184, comprise the balance of the 2022 revenues for governmental activities.

The following chart shows the Government-wide sources of program expenditures for the year ended December 31, 2022.



The largest share of expenditures in 2022 were related to Public Safety, a broad category including police protection, animal control, school crossing guards, fire marshal’s services, code enforcement, planning and zoning, and emergency management. Public Safety expenditures totaled \$20,354,603 for 2022. Public Works expenditures include items such as solid waste collection expenditures, general road maintenance, repairs to tools and machinery, construction and rebuilding of storm sewers and guide rails, operation and maintenance of traffic signals, street signs, and snow removal. Public Works expenditures totaled \$10,848,278 for 2022. Parks and Recreation expenditures of \$2,030,430 fund the operation and maintenance of our Township parks, park buildings, and park equipment as well as administrative costs and Township recreation programs. General Government expenditures of \$3,367,669 make up the third largest segment of 2022 expenditures. This category covers the costs of staffing, benefits, and other administrative costs and ancillary expenditures. Depreciation expenditures of \$1,017,752, Debt Service Interest of \$361,681, and miscellaneous expenditures of \$1,296,249 primarily insurance expenditures, round out the 2022 total program expenditures for governmental activities.

The following charts show the expenditures and program revenues and the revenues by source from Business-Type activities for the year ended December 31, 2022:



Business-type Activities increased the Township’s Net Position by \$266,089 during the current fiscal year. The Middletown Country Club operating revenues totaled \$38,922 with offsetting expenditures of \$35,954 for an operating income of \$2,968. The Styer’s Farm operating revenues totaled \$64,521 for the year with offsetting expenditures of \$9,127 for an operating income of \$55,394. Total Interest and rents were \$58,363 to make up the change in net position of \$266,089.

## **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. 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 \$61,480,195 which represents an increase of \$495,892 from the previous year. The largest component of this increase was the General Fund, which will be explained in more detail below.

The general fund had a total fund balance of \$12,728,996 at year end, which is a \$4,531,353 increase from the prior year. Much of this increase is due to revenues coming in strong year over year, particularly charges for services due to increases in building projects and Earned Income Tax which is due to salary increases for residents overall bringing an increased percentage of Earned Income Tax. The Sanitation Fund is budgeted and accounted for as a separate fund, however, for financial reporting purposes, the Sanitation Fund is combined with the General Fund.

The investment fund has a total fund balance of \$40,877,159 at fiscal year-end, a decrease of (\$3,279,417) from the prior year. This decrease is due to the Fair value of assets trending down in the market overall causing a loss coupled with the increase of interest rates.

The capital reserve fund has a total fund balance of \$3,881,110 at year end, which is a (\$1,624,916) decrease from the prior year. This decrease is due to not having a sole revenue source in the capital fund. The capital fund relies heavily on grants. Grants decreased in 2022, while the need for capital projects increased eating some of the fund balance that was stored.

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 \$236,114 at year end 2022. The total Net Position is \$2,157,118. The Country Club is supported completely by non-tax revenues.

The unrestricted Net Position of the Styer's Farm fund is \$72,171 at year end 2022. The total Net Position is \$2,687,810. The property is an 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 2022 Budget on December 12, 2022, which included the continuation of a 17.570 millage rate for real estate taxes and earned income tax at 0.5%.

General Fund Revenues were higher than the budgeted amounts by \$5,379,736, most notably Real Estate Transfer Taxes and Earned Income Taxes were over \$1M higher due to the booming real estate market as well as increases in residents' salaries in turn increasing receivables. Local enabling taxes (Local Service, and Mercantile Taxes) as well as Charges for Services also increased. Much of the charges for services was due to the increase in commercial building in the Township in turn increasing the need for permits.

General Fund Expenditures came in slightly higher than budgeted amounts but were in line with incoming revenues and were needed operationally. Expenditures came in \$81,310 higher than budget.

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

## **Capital Assets**

On December 31, 2022, the Township had \$55,596,340 invested in a broad range of capital assets (net), including land, land improvements, buildings, building improvements, machinery & equipment, and infrastructure.

Capital assets decreased in total by (\$646,448) during the 2022 fiscal year from \$56,242,788 to \$55,596,340 as follows: Construction in Progress - \$2,635,034, Land - \$11,682,435, Capital Assets being depreciated \$41,278,871. Additional information on Middletown Township's capital assets can be found in Note D to the Financial Statement.

## **Debt Administration**

As of January 1, 2022, the Township had total outstanding long-term debt of \$39,431,608 (principal only). Obligations of the Township include general obligation bond and notes, leases, accrued vacation, sick and severance pay for specific employees and pension liability and other post-retirement benefit liabilities for police. The outstanding long-term debt balance on December 31, 2022, is \$48,407,322 (principal only).

In 2022, Middletown Township earned its second consecutive triple-A credit rating by Moody's, the highest possible credit rating issued by the agency. First achieved in 2019, Middletown Township is one of two municipalities in Bucks County with this rating. Moody's issued the Township a triple-A credit rating for strong management, financial health, and vibrant local economy.

Compensated absences reflect a balance of \$2,466,829 in earned vacation, vested sick pay, and vested severance pay as of December 31, 2022. Compensated Absences increased \$246,270 for the year. Net Pension Liability totaled \$15,175,591, and Net Other Post-Employment Benefits has an outstanding liability of \$13,242,634 on December 31, 2022.

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

## **2023 Budget Overview**

The overall 2023 budget is balanced and includes \$38,856,018 in operational expenditures and \$9,074,950 in capital expenditures. This spending plan will allow Middletown Township to continue to provide municipal services and programs at existing levels, with no tax increase. Maintenance of a balanced General Fund has been a critical priority in recent years as forecasts show that contractual obligations will begin to outpace anticipated revenues. Notably, as shown on the chart on the next page, costs for salaries, benefits, and pension for Township personnel currently account for more than 88% of General Fund expenditures.

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

## **General Fund Revenue Budget**

- **Real Estate Tax:** The 2023 Middletown Township Real Estate Tax is based on an anticipated total assessed value of \$528,209,050. The proposed rate of 17.570 mills reflects no change from the 2022 rate.

- **Earned Income Tax:** An Earned Income Tax was implemented in 2014 at a rate of 0.5% of earned income on resident and non-resident workers. It is estimated that this tax will generate \$9,000,000 during the 2023 calendar year.
- **Real Estate Transfer Tax:** The Real Estate Transfer Tax is levied at ½ of 1% of the value of all real estate that transfers within Middletown Township. Revenue from this tax peaked in 2005 at \$1,440,813. This line item is expected to bring in approximately \$1,600,000 in 2023.
- **Mercantile Tax:** The Mercantile Tax is assessed on the gross income of anyone engaged in the sale of goods, wares and merchandise located within the Township. The tax is calculated based upon total gross receipts. The rate is ½ mill gross receipts for wholesale and ¾ mill gross receipts for retail. This line item is expected to generate \$1,175,000 in revenues in 2023.
- **Amusement Tax:** The Amusement tax levies a tax equal to 5% of eligible admission prices to certain places of amusement, entertainment, or recreation. In 2023, \$1,500,000 is anticipated in revenue from this source.

### **General Fund - Expenditure Budget**

- The primary expenditure category in the General Fund is Police Protection at \$13,139,500. This category is significantly impacted by salary and benefit costs for the Township's police force. In December of 2022, there were 59 officers in the department, which is equal to budget.
- The contribution required to the Police Pension fund has increased dramatically over the past seven years from \$764,346 in 2010 to \$2,996,190 in 2023. This is a slight reduction from 2022.
- Other significant expenditure categories in the 2023 General Fund include Administration at \$1,905,460; Public Works at \$1,988,700; Building & Planning at \$1,088,200 and Fire Protection/Emergency Management at \$1,012,500.

The complete 2023 Budget is available for review on the Middletown Township website at [www.middletownbucks.org](http://www.middletownbucks.org) under forms and documents, finance department.

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

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

In 2023, the Township submitted four (4) applications for Project Funding totaling \$1,395,185 to the Bucks County Redevelopment Authority (RDA) for 2023 Pennsylvania Gaming Revenue Grants. The grants are for 2023 projects, benefiting the Middletown Community as a whole. A summary follows:

**2023 Pennsylvania Municipal Grant Program Awards**

<b><u>Project</u></b>	<b><u>Description</u></b>	<b><u>RDA Approved Grant Amount</u></b>
Middletown Township Police Department	Police Vehicles	\$246,510
Middletown Township Public Works Department	Public Works Vehicles	\$205,590
Penndel-Middletown Emergency Squad	Chief’s Vehicle	\$65,184
Total		<u><u>\$517,284</u></u>

This financial statement takes lays out key needs and anticipations of Middletown Township and reflects the best estimate possible for 2023.

**Contacting the Township’s Financial Management**

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

## BASIC FINANCIAL STATEMENTS

TOWNSHIP OF MIDDLETOWN

STATEMENT OF NET POSITION

December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 27,400,536	\$ 211,114	\$ 27,611,650
Investments	36,729,143	-	36,729,143
Receivables	3,910,005	5,761	3,915,766
Leases receivable	23,186	10,961	34,147
Other assets	243,679	25,000	268,679
Total Current Assets	68,306,549	252,836	68,559,385
Non-Current Assets			
Lease receivable, non-current	314,874	1,104,923	1,419,797
Capital Assets (net of accumulated depreciation)			
Land	8,327,435	3,355,000	11,682,435
Construction in progress	2,635,034	-	2,635,034
Depreciable capital assets, net	40,097,228	1,181,643	41,278,871
Total Capital Assets (net)	51,059,697	4,536,643	55,596,340
Total Non-Current Assets	51,374,571	5,641,566	57,016,137
Total Assets	119,681,120	5,894,402	125,575,522
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Police Pension related	6,560,993	-	6,560,993
Non-Uniformed Pension related	1,369,274	-	1,369,274
OPEB related	2,889,672	-	2,889,672
Total Deferred Outflows of Resources	10,819,939	-	10,819,939
Total Assets and Deferred Outflows of Resources	\$ 130,501,059	\$ 5,894,402	\$ 136,395,461

(continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 840,975	\$ 588	\$ 841,563
Accrued salaries and benefits	570,390	-	570,390
Deposits and refunds	293,148	-	293,148
Internal balances			
Unearned revenue	2,253,726	-	2,253,726
Due to other governments	82,246	-	82,246
Accrued interest payable	141,006	-	141,006
Bonds and notes payable, current maturity	2,055,000	-	2,055,000
Notes payable, current maturity	111,548	-	111,548
Leases payable, current maturity	17,849	-	17,849
Compensated absences, current maturity	134,236	-	134,236
Total Current Liabilities	<u>6,500,124</u>	<u>588</u>	<u>6,500,712</u>
Long-term Liabilities			
Internal advances balance	-	-	-
Bonds and notes payable, net of current maturity	14,795,236	-	14,795,236
Notes payable, net of current maturity	542,635	-	542,635
Compensated absences, net of current maturity	2,332,593	-	2,332,593
Net pension liability	15,175,591	-	15,175,591
Other post-employment benefits liability	13,242,634	-	13,242,634
Total Long-term Liabilities	<u>46,088,689</u>	<u>-</u>	<u>46,088,689</u>
Total Liabilities	<u>52,588,813</u>	<u>588</u>	<u>52,589,401</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Special assessments	229,401	-	229,401
Unamortized deferred gain on refunding	307,296	-	307,296
Leases	175,342	1,048,886	1,224,228
Police Pension related	-	-	-
Non-Uniformed Pension related	19,372	-	19,372
OPEB related	3,228,516	-	3,228,516
Total Deferred Inflows of Resources	<u>3,959,927</u>	<u>1,048,886</u>	<u>5,008,813</u>
<b>NET POSITION</b>			
Net investment in capital assets	35,428,726	4,536,643	39,965,369
Restricted for:			
Street lighting	689,363	-	689,363
Road machinery	598,793	-	598,793
Fire and ambulance	716,712	-	716,712
Police	161,717	-	161,717
Streets and highway	1,100,146	-	1,100,146
Debt service	432,923	-	432,923
Unrestricted	34,823,939	308,285	35,132,224
Total Net Position	<u>73,952,319</u>	<u>4,844,928</u>	<u>78,797,247</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 130,501,059</u>	<u>\$ 5,894,402</u>	<u>\$ 136,395,461</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, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$ 3,367,669	\$ 1,197,646	\$ 2,969,566	\$ 16,403	\$ 815,946	\$ -	\$ 815,946
Public safety	20,354,603	4,694,413	613,630	176,121	(14,870,439)	-	(14,870,439)
Public works	10,848,278	4,946,576	1,508,497	205,434	(4,187,771)	-	(4,187,771)
Parks and recreation	2,030,430	419,636	5,587	107,603	(1,497,604)	-	(1,497,604)
Miscellaneous	1,296,249	-	-	-	(1,296,249)	-	(1,296,249)
Debt service interest	361,681	-	-	-	(361,681)	-	(361,681)
Unallocated depreciation expense	1,017,752	-	-	-	(1,017,752)	-	(1,017,752)
Total Governmental Activities	<u>39,276,662</u>	<u>11,258,271</u>	<u>5,097,280</u>	<u>505,561</u>	<u>(22,415,550)</u>	<u>-</u>	<u>(22,415,550)</u>
<b>Business - Type Activities</b>							
Country club	35,954	38,922	-	-	-	2,968	2,968
Farm fund	9,127	64,521	-	-	-	55,394	55,394
Total Business - Type Activities	<u>45,081</u>	<u>103,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,362</u>	<u>58,362</u>
Total Primary Government	<u>\$ 39,321,743</u>	<u>\$ 11,361,714</u>	<u>\$ 5,097,280</u>	<u>\$ 505,561</u>	<u>(22,415,550)</u>	<u>58,362</u>	<u>(22,357,188)</u>
<b>General Revenues</b>							
Property taxes, levied for general purposes					9,125,317	-	9,125,317
Earned income tax					10,238,441	-	10,238,441
Amusement tax					1,329,079	-	1,329,079
Local services taxes					1,037,724	-	1,037,724
Mercantile tax					1,184,286	-	1,184,286
Real estate transfer tax					2,108,274	-	2,108,274
Parking transaction fee					345,092	-	345,092
Other taxes					185,380	-	185,380
Investment income and rents					(837,403)	58,363	(779,040)
Miscellaneous revenues					17,184	-	17,184
Transfers					(149,364)	149,364	-
Total General Revenues and Transfers					<u>24,584,010</u>	<u>207,727</u>	<u>24,791,737</u>
Change in Net Position					2,168,460	266,089	2,434,549
Net Position - Beginning (Restated)					<u>71,783,859</u>	<u>4,578,839</u>	<u>76,362,698</u>
Net Position - Ending					<u>\$ 73,952,319</u>	<u>\$ 4,844,928</u>	<u>\$ 78,797,247</u>

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

TOWNSHIP OF MIDDLETOWN

BALANCE SHEET -  
GOVERNMENTAL FUNDS

December 31, 2022

	General	Investment Fund	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 15,363,331	\$ 4,027,709	\$ 3,922,468	\$ 4,087,028	\$ 27,400,536
Investments	-	36,729,143	-	-	36,729,143
Other receivables	1,071,205	140,768	-	2,032	1,214,005
Leases receivable	338,060	-	-	-	338,060
Deposit	-	243,679	-	-	243,679
Total Assets	\$ 16,772,596	\$ 41,141,299	\$ 3,922,468	\$ 4,089,060	\$ 65,925,423
<u>LIABILITIES</u>					
Accounts payable	\$ 766,269	\$ -	\$ 41,358	\$ 33,348	\$ 840,975
Accrued salaries and benefits	509,953	-	-	60,437	570,390
Deposits and refunds	93,244	199,904	-	-	293,148
Unearned revenue	2,253,726	-	-	-	2,253,726
Due to other governments	18,010	64,236	-	-	82,246
Total Liabilities	3,641,202	264,140	41,358	93,785	4,040,485
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Leases	175,342	-	-	-	175,342
Unavailable revenue - special assessments	227,056	-	-	2,345	229,401
Total Deferred Inflows of Resources	402,398	-	-	2,345	404,743
<u>FUND BALANCES</u>					
Nonspendable:					
Leases	162,718	-	-	-	162,718
Restricted:					
Street lighting	-	-	-	689,363	689,363
Road machinery	-	-	-	598,793	598,793
Fire and ambulance	-	-	-	716,712	716,712
Police	123,227	-	-	38,490	161,717
Streets and highways	-	-	-	1,100,146	1,100,146
Debt service	-	-	-	432,923	432,923
Committed:					
Culture and recreation	-	-	-	410,281	410,281
Other post employment benefits	426,782	-	-	-	426,782
Assigned:					
Operations	-	1,877,159	-	-	1,877,159
Emergency reserve	-	39,000,000	-	-	39,000,000
Capital projects	-	-	3,881,110	6,222	3,887,332
Unassigned	12,016,269	-	-	-	12,016,269
Total Fund Balances	12,728,996	40,877,159	3,881,110	3,992,930	61,480,195
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,772,596	\$ 41,141,299	\$ 3,922,468	\$ 4,089,060	\$ 65,925,423

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, 2022

TOTAL GOVERNMENTAL FUND BALANCES \$ 61,480,195

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

Cost of capital assets	\$ 136,849,743	
Accumulated depreciation	<u>(85,790,046)</u>	51,059,697

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.

Earned income tax receivables	<u>2,696,000</u>	2,696,000
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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.

Deferred outflow of resources for Police Pension	6,560,993	
Deferred outflow of resources for Non-Uniformed Pension	1,369,274	
Deferred inflow of resources for Police Pension	-	
Deferred inflow of resources for Non-Uniformed Pension	(19,372)	
Deferred inflow of resources for OPEB	<u>(338,844)</u>	7,572,051

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	(141,006)	
Bonds, notes, and leases payable	(15,567,032)	
Unamortized bond premiums	(1,955,236)	
Unamortized deferred loss on refunding	(307,296)	
Compensated absences	(2,466,829)	
Net pension liability	(15,175,591)	
Other post employment benefits liability	<u>(13,242,634)</u>	<u>(48,855,624)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 73,952,319

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, 2022

	<u>General</u>	<u>Investment Fund</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property	\$ 3,864,095	\$ -	\$ -	\$ 5,316,853	\$ 9,180,948
Earned income	9,632,441	-	-	-	9,632,441
Amusement	1,329,079	-	-	-	1,329,079
Local service	1,037,724	-	-	-	1,037,724
Mercantile	1,184,286	-	-	-	1,184,286
Real estate transfer	2,108,274	-	-	-	2,108,274
Parking transaction	345,092	-	-	-	345,092
Per Capita	141,360	-	-	-	141,360
Mechanical devices	44,020	-	-	-	44,020
Fees, licenses and permits	1,027,930	-	26,920	-	1,054,850
Fines and forfeitures	92,639	-	-	-	92,639
Investment income and rent	397,110	723,485	67,146	88,649	1,276,390
Intergovernmental revenues	3,493,428	-	409,178	1,596,265	5,498,871
Charges for services	9,635,515	-	-	419,636	10,055,151
Contributions private sources	2,000	-	-	5,587	7,587
Gain (loss) on investments	-	(2,207,984)	-	-	(2,207,984)
Other	15,987	-	96,383	1,197	113,567
<b>Total Revenues</b>	<u>34,350,980</u>	<u>(1,484,499)</u>	<u>599,627</u>	<u>7,428,187</u>	<u>40,894,295</u>
<b>Expenditures</b>					
Current:					
General government	2,619,041	44,918	-	-	2,663,959
Public safety	17,775,404	-	-	1,552,292	19,327,696
Public works	7,064,651	-	-	1,275,727	8,340,378
Parks and recreation	2,186	-	-	1,557,606	1,559,792
Miscellaneous	1,296,249	-	-	-	1,296,249
Debt service:					
Principal	16,937	-	-	2,063,399	2,080,336
Interest	1,872	-	-	756,859	758,731
Paid to fiscal agent	-	-	-	1,560	1,560
Capital outlay/development	-	-	4,312,143	-	4,312,143
<b>Total Expenditures</b>	<u>28,776,340</u>	<u>44,918</u>	<u>4,312,143</u>	<u>7,207,443</u>	<u>40,340,844</u>
<b>Excess (Deficiency) of Revenues</b>					
Over Expenditures	<u>5,574,640</u>	<u>(1,529,417)</u>	<u>(3,712,516)</u>	<u>220,744</u>	<u>553,451</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	4,205	-	87,600	-	91,805
Transfers in	-	-	2,000,000	925,092	2,925,092
Transfers out	(1,047,492)	(1,750,000)	-	(276,964)	(3,074,456)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,043,287)</u>	<u>(1,750,000)</u>	<u>2,087,600</u>	<u>648,128</u>	<u>(57,559)</u>
<b>Net Change in Fund Balance</b>	4,531,353	(3,279,417)	(1,624,916)	868,872	495,892
Fund Balance - Beginning (Restated)	8,197,643	44,156,576	5,506,026	3,124,058	60,984,303
<b>Fund Balance - Ending</b>	<u>\$ 12,728,996</u>	<u>\$ 40,877,159</u>	<u>\$ 3,881,110</u>	<u>\$ 3,992,930</u>	<u>\$ 61,480,195</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, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$	495,892
<p>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.</p>			
Capital outlay	\$	2,103,837	
Depreciation expense		<u>(2,790,283)</u>	(686,446)
<p>The effect of sale of capital assets is to decrease Net Position</p>			
			(4,205)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
			606,000
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>			
Amortization of premiums, discounts, and losses		382,295	
Repayment of debt		<u>2,080,337</u>	2,462,632
<p>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.</p>			
Compensated absences		(246,270)	
Net pension liability and deferred items		208,815	
Other post employment benefits liability		(684,272)	
Interest expense		<u>16,314</u>	<u>(705,413)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			<u>\$ 2,168,460</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, 2022

	GENERAL FUND		
	Original and Final Budget	ACTUAL	Variance with Final Budget
Revenues			
Taxes			
Property	\$ 3,855,500	\$ 3,864,095	\$ 8,595
Earned income	8,400,000	9,632,441	1,232,441
Amusement	1,400,000	1,329,079	(70,921)
Local service	1,000,000	1,037,724	37,724
Mercantile	1,175,000	1,184,286	9,286
Real estate transfer	1,500,000	2,108,274	608,274
Parking transaction	250,000	345,092	95,092
Per Capita	142,000	141,360	(640)
Mechanical devices	45,000	44,020	(980)
Fees, licenses and permits	1,036,000	1,027,930	(8,070)
Investment income and rent	149,000	397,110	248,110
Intergovernmental revenues	3,230,778	3,493,428	262,650
Fines and forfeitures	117,000	92,639	(24,361)
Charges for services	6,668,966	9,635,515	2,966,549
Contributions private sources	1,000	2,000	1,000
Other	1,000	15,987	14,987
Total Revenues	28,971,244	34,350,980	5,379,736
Expenditures			
Current:			
General government	2,692,700	2,619,041	73,659
Public safety	17,762,100	17,775,404	(13,304)
Public works	6,771,850	7,064,651	(292,801)
Parks and recreation	5,000	2,186	2,814
Miscellaneous	1,626,000	1,296,249	329,751
Debt service:			
Principal	-	16,937	(16,937)
Interest	-	1,872	(1,872)
Total Expenditures	28,857,650	28,776,340	81,310
Excess (Deficiency) of Revenues Over Expenditures	113,594	5,574,640	5,461,046
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	5,000	4,205	(795)
Transfers out	(30,000)	(1,047,492)	(1,017,492)
Total Other Financing Sources (Uses)	(25,000)	(1,043,287)	(1,018,287)
Net Change in Fund Balance	88,594	4,531,353	4,442,759
Fund Balance - Beginning	8,197,643	8,197,643	-
Fund Balance - Ending	\$ 8,286,237	\$ 12,728,996	\$ 4,442,759

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, 2022

	<u>INVESTMENT FUND</u>		
	<u>Original and Final Budget</u>	<u>ACTUAL</u>	<u>Variance with Final Budget</u>
Revenues			
Investment income and rent	\$ 901,000	\$ 723,485	\$ (177,515)
Gain (loss) on investments	<u>-</u>	<u>(2,207,984)</u>	<u>(2,207,984)</u>
Total Revenues	<u>901,000</u>	<u>(1,484,499)</u>	<u>(2,385,499)</u>
Expenditures			
Current:			
General government	<u>40,000</u>	<u>44,918</u>	<u>(4,918)</u>
Total Expenditures	<u>40,000</u>	<u>44,918</u>	<u>(4,918)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>861,000</u>	<u>(1,529,417)</u>	<u>(2,390,417)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>-</u>
Net Change in Fund Balance	(889,000)	(3,279,417)	(2,390,417)
Fund Balance - Beginning	<u>44,156,576</u>	<u>44,156,576</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 43,267,576</u>	<u>\$ 40,877,159</u>	<u>\$ (2,390,417)</u>

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

TOWNSHIP OF MIDDLETOWN

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2022

	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 211,114	\$ -	\$ 211,114
Accounts receivable	-	5,761	5,761
Due from other funds	-	-	-
Other assets	25,000	-	25,000
Lease receivable	-	10,961	10,961
Total Current Assets	<u>236,114</u>	<u>16,722</u>	<u>252,836</u>
Non-Current Assets			
Lease receivable, non-current	-	1,104,923	1,104,923
Capital Assets (net of accumulated depreciation)			
Land	1,155,000	2,200,000	3,355,000
Depreciable capital assets, net	<u>766,004</u>	<u>415,639</u>	<u>1,181,643</u>
Total capital assets (net)	<u>1,921,004</u>	<u>2,615,639</u>	<u>4,536,643</u>
Total Non-Current Assets	<u>1,921,004</u>	<u>3,720,562</u>	<u>5,641,566</u>
Total Assets	<u>\$ 2,157,118</u>	<u>\$ 3,737,284</u>	<u>\$ 5,894,402</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ -	\$ 588	\$ 588
Total Liabilities	<u>-</u>	<u>588</u>	<u>588</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Leases	-	1,048,886	1,048,886
Total deferred inflows of resources	<u>-</u>	<u>1,048,886</u>	<u>1,048,886</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,921,004	2,615,639	4,536,643
Unrestricted	<u>236,114</u>	<u>72,171</u>	<u>308,285</u>
Total Net Position	<u>2,157,118</u>	<u>2,687,810</u>	<u>4,844,928</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,157,118</u>	<u>\$ 3,737,284</u>	<u>\$ 5,894,402</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, 2022

	<u>Country Club</u>	<u>Farm Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services			
Licensing fees	\$ 38,922	\$ 56,121	\$ 95,043
Rent	-	8,400	8,400
Total Operating Revenues	<u>38,922</u>	<u>64,521</u>	<u>103,443</u>
Operating Expenses			
Park and recreation	-	159	159
Depreciation	35,954	8,968	44,922
Total Operating Expenses	<u>35,954</u>	<u>9,127</u>	<u>45,081</u>
Operating Income (Loss)	<u>2,968</u>	<u>55,394</u>	<u>58,362</u>
Nonoperating Revenues (Expense)			
Interest income	3,128	55,235	58,363
Total Nonoperating Revenues (Expense)	<u>3,128</u>	<u>55,235</u>	<u>58,363</u>
Income (Loss) before Transfers	6,096	110,629	116,725
Transfers in	-	149,364	149,364
Changes in Net Position	6,096	259,993	266,089
Total Net Position - Beginning (Restated)	<u>2,151,022</u>	<u>2,427,817</u>	<u>4,578,839</u>
Total Net Position - Ending	<u>\$ 2,157,118</u>	<u>\$ 2,687,810</u>	<u>\$ 4,844,928</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, 2022

	Proprietary Fund Types		
	Country Club	Farm Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 38,922	\$ 9,859	\$ 48,781
Cash paid to suppliers	-	(150,523)	(150,523)
Net cash provided by (used in) operating activities	<u>38,922</u>	<u>(140,664)</u>	<u>(101,742)</u>
Cash flows from non-capital and related financing activities			
Transfers in	-	149,364	149,364
Net cash provided by (used in) non-capital and related financing activities	<u>-</u>	<u>149,364</u>	<u>149,364</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(89,125)	(89,125)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(89,125)</u>	<u>(89,125)</u>
Cash flows from investing activities			
Earnings on investments	3,128	55,235	58,363
Net cash provided by (used in) investing activities	<u>3,128</u>	<u>55,235</u>	<u>58,363</u>
Net increase (decrease) in cash and cash equivalents	42,050	(25,190)	16,860
Beginning cash and cash equivalents	169,064	25,190	194,254
Ending cash and cash equivalents	<u>\$ 211,114</u>	<u>\$ -</u>	<u>\$ 211,114</u>

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

Net operating income (loss)	\$ 2,968	\$ 55,394	\$ 58,362
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities			
Depreciation	35,954	8,968	44,922
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	-	(3,106)	(3,106)
(Increase) decrease in lease receivable	-	(1,100,442)	(1,100,442)
Increase (decrease) in payables	-	(1,000)	(1,000)
Increase (decrease) in advances	-	(149,364)	(149,364)
Increase (decrease) in deferred leases	-	1,048,886	1,048,886
Net adjustments	<u>35,954</u>	<u>(196,058)</u>	<u>(160,104)</u>
Cash provided (used) by operating activities	<u>\$ 38,922</u>	<u>\$ (140,664)</u>	<u>\$ (101,742)</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, 2022

	<u>Pension</u> <u>Trust Funds</u>	<u>Custodial</u> <u>Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,664,181	\$ 5,736,094
Prepaid expenses	379,156	-
Receivables:		
Accrued interest	226,387	-
Other receivables	23,313	-
Total Receivables	<u>249,700</u>	<u>-</u>
Investments, at fair value:		
U.S. government obligations	7,898,499	-
Government sponsored mortgages	896,514	-
Corporate obligations	6,171,337	-
Private placements	133,706	-
Municipal obligations	5,480,477	-
Asset backed and mortgages	3,324,472	-
Mutual funds-equity	4,030,799	-
Mutual funds-debt	1,490,350	-
Stock equities	27,431,901	-
International stock	534,622	-
Real estate securities	6,446	-
Total investments	<u>57,399,123</u>	<u>-</u>
Total Assets	<u>\$ 62,692,160</u>	<u>\$ 5,736,094</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 111,465	\$ 6,250
Total Liabilities	<u>111,465</u>	<u>6,250</u>
<u>NET POSITION</u>		
Net Position - Restricted for:		
Pension benefits	62,580,695	-
Custodial Funds	<u>-</u>	<u>5,729,844</u>
Total Net Position	<u>\$ 62,580,695</u>	<u>\$ 5,729,844</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, 2022

	<u>Pension</u> <u>Trust Funds</u>	<u>Custodial</u> <u>Funds</u>
Additions		
Contributions		
Employee contributions	\$ 577,549	\$ -
Employer contributions	2,997,873	-
State aid	730,443	-
Escrow receipts	-	4,917,698
Total Contributions	4,305,865	4,917,698
Investment Income		
Net appreciation (depreciation) in fair value of investments	(10,280,020)	-
Interest and dividend income	1,642,043	-
Total investment earnings	(8,637,977)	-
Less investment expense	(315,381)	-
Net Investment Income	(8,953,358)	-
Total Additions	(4,647,493)	4,917,698
Deductions		
Benefits	3,862,259	-
Administrative expenses	23,685	-
Escrow disbursements	-	547,730
Total Deductions	3,885,944	547,730
Change in Net Position	(8,533,437)	4,369,968
Net Position - Restricted for Pension Benefits and Custodial Funds:		
Beginning of Year	71,114,132	1,359,876
End of Year	\$ 62,580,695	\$ 5,729,844

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies**

**Nature of Entity**

Middletown Township, County of Bucks, Commonwealth of Pennsylvania, (the "Township") was founded in 1692. The Township is a second-class township and is governed by an elected board of five supervisors and a board-appointed Township Manager. Middletown covers approximately 19.017 square miles in Lower Bucks County and has a population of 44,141, per the 2000 U.S. Census.

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

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

**Government-Wide Financial Statements**

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

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

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

**Fund Financial Statements**

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

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

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

The government-wide statements report using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements and any custodial 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, 2022

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

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

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

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

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

**Governmental Fund Types**

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

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

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

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

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**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 Custodial 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

*Custodial Fund* - 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.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

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

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

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

**Budgetary Accounting Controls**

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

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

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

*Excess of expenditures over appropriations:* For the year ended December 31, 2022, expenditures exceeded budget in the General Fund in public safety, public works, debt service principal and interest, and transfers by \$13,304, \$292,801, \$16,937, \$1,872, and \$1,017,492, respectively. For the Investment Fund expenditures exceeded budget by \$4,918. The excess expenditures were funded by greater than anticipated revenues and fund balance.

**Use of Estimates**

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

**Cash Equivalents and Investments**

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**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 2022 budget:

	<u>Mills</u>
General	7.325
Street Lighting	0.788
Park and Recreation	1.920
Ambulance and Rescue	0.440
Debt Service	5.145
Fire Hydrant	0.107
Road Machinery	<u>0.300</u>
	<u>16.025</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.

**Leases**

The Township is a lessor for various long-term noncancellable lease agreements. The Township recognizes leases receivable and deferred inflows of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any options to extend. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Any variable payments received are based on direct monthly usage and are recognized as revenue when received.

The Township monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable

**Capital Assets and Depreciation**

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

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.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

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

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

**Compensated Absences**

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

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

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

**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.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

**Net Position**

In the government-wide financial statements, net position is classified as follows:

**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.

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 51,059,697	\$ 4,536,643
Outstanding notes and bonds	(15,549,183)	-
Outstanding finance leases	(17,849)	-
Unamortized premium on debt	(2,005,911)	-
Unamortized discount on debt	50,675	-
Unamortized gain on refunding	(307,296)	-
Unspent bond proceeds	2,198,593	-
Total	\$ 35,428,726	\$ 4,536,643

**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, and leases receivable net of deferred inflows of resources.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

**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).

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

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

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

**Interfund Transfers**

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

**Prepaid Items**

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

**Deferred Outflows/Inflows of Resources**

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

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 asset that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following items that qualify for reporting in these category:

1. *Differences between expected and actual experience on pension plan and OPEB liability* are reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized in the period that the amounts become available.
2. *Change in assumptions* is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five-year period.
3. *Net difference between projected and actual earnings on investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.
4. *Deferred revenue -special assessments* is reported in the government-wide statement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
5. *Unavailable revenue – intergovernmental revenues, Unavailable revenue – special assessments* are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

6. *Unamortized deferred gain on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
7. *Leases* is reported in the governmental funds, proprietary funds, and the government-wide statement of net position. A deferred balance results at the initiation of the lease in an amount equal to the initial recording of the lease receivable. A deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**Subsequent Events**

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

**Adoption of Accounting Pronouncement**

GASB Codification Section L20, Leases (GASB\_87): GASB 87 substantially changes current accounting procedures regarding lease accounting. This Statement has been implemented for the fiscal year ending December 31, 2022. The implementation resulted in a restatement of the following December 31, 2021 balances:

	Governmental Activities <u>Net Position</u>	General Fund <u>Fund Balance</u>	Business-Type Activities <u>Net Position</u>	Proprietary Funds <u>Fund Balance</u>
As Reported	\$ 71,623,035	\$ 8,036,819	\$ 4,563,397	\$ 4,563,397
Lease Implementation	<u>160,824</u>	<u>160,824</u>	<u>15,442</u>	<u>15,442</u>
As Restated	<u>\$ 71,783,859</u>	<u>\$ 8,197,643</u>	<u>\$ 4,578,839</u>	<u>\$ 4,578,839</u>

**Pending Accounting Pronouncements**

GASB has issued statements that will become effective in future years including Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**B. Deposits and Investments**

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).
- 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).

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

The Township has the following recurring fair value measurements as of December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Maturity (Years)</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Externally Pooled Investments (PLGIT)	\$ 7,198,987	\$ -	\$ 7,198,987	0
U.S. Government Obligations	31,452,352	31,452,352	-	4.93
Foreign Obligations	4,390,178	4,390,178	-	0.26
Certificates of Deposit	886,613	886,613	-	0.07
	<u>\$ 43,928,130</u>	<u>\$ 36,729,143</u>	<u>\$ 7,198,987</u>	
<b>FIDUCIARY FUNDS</b>				
U.S. Government Obligations	\$ 7,898,499	\$ 7,898,499	\$ -	3.72
Government Sponsored Mortgages	896,514	896,514	-	23.78
Corporate Obligations	6,171,337	6,171,337	-	17.28
Private Placements	133,706	133,706	-	2.00
Municipal Obligations	5,480,477	5,480,477	-	2.91
Asset Backed and Mortgages	3,324,472	3,324,472	-	27.15
Mutual Funds-Equity	4,030,799	4,030,799	-	Not applicable
Mutual Funds-Debt	1,490,350	1,490,350	-	Not applicable
Stock Equities	27,431,901	27,431,901	-	Not applicable
International Stock	534,622	534,622	-	Not applicable
Real Estate Securities	6,446	6,446	-	Not applicable
	<u>\$ 57,399,123</u>	<u>\$ 57,399,123</u>	<u>\$ -</u>	

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

*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, 2022, the Township's bank balance was \$25,578,517. Of that balance, \$500,000 was covered by federal depository insurance and \$7,198,987 was invested in externally pooled investments not subject to credit risk. Any balances exceeding depository insurance and investment in risk pools, are exposed to custodial credit risk because the deposits are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

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

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

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

The ratings for investments are as follows:

	<u>Fair Value</u>	<u>S&amp;P Rating</u>		<u>Moody's Rating</u>	
		AAA	Aaa-A3	Baa1-B3	Not rated
<b>GOVERNMENTAL ACTIVITIES</b>					
Externally Pooled Investments (PLGIT)	\$ 7,198,987	\$ 7,198,987	\$ -	\$ -	\$ -
U.S. Government Obligations	31,452,352	-	20,869,999	-	10,582,353
Foreign Obligations	4,390,178	-	4,390,178	-	-
	<u>\$ 43,041,517</u>	<u>\$ 7,198,987</u>	<u>\$ 25,260,177</u>	<u>\$ -</u>	<u>\$ 10,582,353</u>
<b>FIDUCIARY FUNDS</b>					
Government Sponsored Mortgages	\$ 896,514	\$ -	\$ -	\$ -	\$ 896,514
Corporate Obligations	6,171,337	-	2,338,757	1,735,838	2,096,742
Private Placements	133,706	-	-	-	133,706.00
Municipal Obligations	5,480,477	-	4,421,296	-	1,059,181
Asset Backed and Mortgages	3,324,472	-	129,974	-	3,194,498
	<u>\$ 16,006,506</u>	<u>\$ -</u>	<u>\$ 6,890,027</u>	<u>\$ 1,735,838</u>	<u>\$ 7,380,641</u>

*Concentration of Credit Risk* - Is the concentration of investments in anyone single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Township's policy is to diversify the investment portfolio by security type and institution. No more than 50% of the Township's total investment portfolio managed by one investment manager will be invested in a single security type or with a single financial institution with the exception of US. Treasury Securities and authorized pools. At December 31, 2022, the Township had one bond investment that individually exceeded 5% of the total investments.

*Foreign Current Risk* - All investments are denominated in U.S. dollars.

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

***Custodial 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, 2022, \$5,736,094 represents the balance of these monies held in escrow.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**C. Receivables**

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

	<u>General</u>	Investment <u>Fund</u>	Farm <u>Fund</u>	Pension Trust <u>Funds</u>	Nonmajor and Other <u>Funds</u>	<u>Total</u>
Receivables:						
Taxes receivable	\$ 714,998	\$ -	\$ -	\$ -	\$ -	\$ 714,998
Special assessment	45,313	-	-	-	-	45,313
Accounts receivable	310,894	-	5,761	-	2,032	318,687
Leases receivable	338,060	-	1,115,884	-	-	1,453,944
Contributions	-	-	-	-	-	-
Accrued interest	-	140,768	-	226,387	-	367,155
Other receivables	-	-	-	23,313	-	23,313
Total Receivables	<u>\$ 1,409,265</u>	<u>\$ 140,768</u>	<u>\$ 1,121,645</u>	<u>\$ 249,700</u>	<u>\$ 2,032</u>	<u>\$ 2,923,410</u>

**D. Leases**

The Township has entered in to various lease agreements for cell tower property rentals. Under these agreements, the Township receives minimum monthly payments. Only one of the lease agreements is noncancellable, which includes annual payments of \$22,800 for a period of five years. The noncancellable lease has four options for an extension period of an additional 5 years each through 2041. There were no variable payments due or received. As of December 31, 2022, the lease receivable for the noncancellable portion and additional options was \$338,060 and the deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term was \$175,342.

In 2021, the Township entered in to lease agreements for both Styer's Orchard and Styer's Store. Under these noncancellable lease agreements, the Township receives \$10,800 annually for a period of ten years for the Orchard and \$4,000, increasing to \$4,500, monthly for a period of ten years for the Store. The leases have two options for an extension period of an additional 5 years each through 2041. There were no variable payments due or received. As of December 31, 2022, the lease receivable for the noncancellable portion and additional options was \$1,115,884 and the deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms was \$1,048,886.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**D. Leases (Continued)**

The Township entered into a lease agreement on May 24, 2008 with an independent management company, Agro Golf Corporation, to operate the property which is known as the Middletown Country Club through December 31, 2023. The terms of the agreement state that the Township receives 2% of total gross receipts over \$1,500,000 but not to exceed \$3,000,000 and 4% of total gross receipts over \$3,000,000. The Township maintains a fund (Proprietary Fund Type: Country Club Fund) that records the general capital assets acquired at the time of purchase and the revenues generated from the lease agreement. Revenue generated from this lease has been designated to pay for capital improvements and repairs. 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.

For the year ended December 31, 2022, the principal and interest received on long-term noncancellable leases was as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Lease		Lease		Lease	
	Revenue	Interest	Revenue	Interest	Revenue	Interest
2022	\$ 15,639	\$ 17,193	\$ 4,565	\$ 55,235	\$ 20,204	\$ 72,428

Amounts receivable are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Lease		Lease		Lease	
	Revenue	Interest	Revenue	Interest	Revenue	Interest
2023	\$ 23,186	\$ 16,212	\$ 10,961	\$ 54,839	\$ 34,147	\$ 71,051
2024	24,372	15,026	17,685	54,116	42,057	69,142
2025	25,619	13,779	24,752	53,047	50,371	66,826
2026	26,930	12,468	31,537	51,623	58,467	64,091
2027	28,308	11,091	40,676	49,685	68,984	60,776
2028-2032	209,645	26,745	254,325	213,724	463,970	240,469
2033-2037	-	-	370,152	136,530	370,152	136,530
2038-2041	-	-	365,796	32,963	365,796	32,963
Total	\$ 338,060	\$ 95,321	\$ 1,115,884	\$ 646,527	\$ 1,453,944	\$ 741,848

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**E. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,327,435	\$ -	\$ -	\$ 8,327,435
Construction in progress	1,389,946	1,496,908	(251,820)	2,635,034
Total capital assets, not being depreciated	<u>9,717,381</u>	<u>1,496,908</u>	<u>(251,820)</u>	<u>10,962,469</u>
Capital assets, being depreciated:				
Land improvements	7,494,865	-	-	7,494,865
Building and building improvements	21,019,588	199,868	(77,528)	21,141,928
Machinery and equipment	14,340,418	736,560	(4,356)	15,072,622
Infrastructure	82,177,859	-	-	82,177,859
Total capital assets being depreciated	<u>125,032,730</u>	<u>936,428</u>	<u>(81,884)</u>	<u>125,887,274</u>
Less accumulated depreciation for:				
Land improvements	5,196,336	238,152	-	5,434,488
Building and building improvements	8,356,498	436,022	-	8,792,520
Machinery and equipment	11,207,586	579,290	-	11,786,876
Infrastructure	58,239,343	1,536,819	-	59,776,162
Total accumulated depreciation	<u>82,999,763</u>	<u>2,790,283</u>	<u>-</u>	<u>85,790,046</u>
Total capital assets, being depreciated, net	<u>42,032,967</u>	<u>(1,853,855)</u>	<u>(81,884)</u>	<u>40,097,228</u>
Governmental activities capital assets, net	<u>\$ 51,750,348</u>	<u>\$ (356,947)</u>	<u>\$ (333,704)</u>	<u>\$ 51,059,697</u>
	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,355,000	\$ -	\$ -	\$ 3,355,000
Construction in progress	195,489	89,125	(284,614)	-
Total capital assets, not being depreciated	<u>3,550,489</u>	<u>89,125</u>	<u>(284,614)</u>	<u>3,355,000</u>
Capital assets, being depreciated:				
Land improvements	655,382	-	-	655,382
Building and building improvements	1,562,764	284,614	-	1,847,378
Furniture and equipment	691,199	-	-	691,199
Total capital assets being depreciated	<u>2,909,345</u>	<u>284,614</u>	<u>-</u>	<u>3,193,959</u>
Less accumulated depreciation for:				
Land improvements	624,960	7,648	-	632,608
Building and building improvements	664,982	33,901	-	698,883
Furniture and equipment	677,452	3,373	-	680,825
Total accumulated depreciation	<u>1,967,394</u>	<u>44,922</u>	<u>-</u>	<u>2,012,316</u>
Total capital assets, being depreciated, net	<u>941,951</u>	<u>239,692</u>	<u>-</u>	<u>1,181,643</u>
Business-type activities capital assets, net	<u>\$ 4,492,440</u>	<u>\$ 328,817</u>	<u>\$ (284,614)</u>	<u>\$ 4,536,643</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**E. Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 326,661
Public safety	326,441
Public works	782,646
Parks and recreation	<u>336,783</u>
Subtotal	1,772,531
Unallocated expense	<u>1,017,752</u>
Total depreciation expense-governmental activities	<u><u>\$ 2,790,283</u></u>
Business-type activities:	
Country club	\$ 35,954
Farm fund	<u>8,968</u>
Total depreciation expense-business-type activities	<u><u>\$ 44,922</u></u>

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

*General Obligation Bonds, Series 2021*

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

Year Ending December 31	Principal	Interest	Total
2023	\$ 475,000	\$ 273,750	\$ 748,750
2024	495,000	250,000	745,000
2025	1,465,000	225,250	1,690,250
2026	1,825,000	152,000	1,977,000
2027	<u>1,215,000</u>	<u>60,750</u>	<u>1,275,750</u>
Total	<u><u>\$ 5,475,000</u></u>	<u><u>\$ 961,750</u></u>	<u><u>\$ 6,436,750</u></u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

*General Obligation Bonds, Series 2020*

In 2020, Middletown Township issued General Obligation ("G.O.") bonds in the amount of \$13,895,000 to advance refund the Township's G.O. bond Series 2012 and 2014, to pay for capital projects, and to pay the costs of issuing the bonds. Upon issuance of the bonds, a portion of the proceeds were irrevocably deposited an escrow account with the fiscal agent in an amount sufficient to redeem the 2012 and 2014 bond series. The bonded debt is comprised of serially numbered bonds. Interest is payable April 15 and October 15 until maturity. Interest rates range from 2.00% to 5.00%. Principal and interest payments will be made until maturity in 2029 as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,580,000	\$ 364,350	\$ 1,944,350
2024	1,660,000	285,350	1,945,350
2025	795,000	202,350	997,350
2026	550,000	162,600	712,600
2027	1,280,000	135,100	1,415,100
2028	<u>3,555,000</u>	<u>89,900</u>	<u>3,644,900</u>
Total	<u>\$ 9,420,000</u>	<u>\$ 1,239,650</u>	<u>\$ 10,659,650</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, 2022, the balance outstanding for the General Obligation Bond, Series 2011, 2012, 2014 and 2016 that was advanced refunded and defeased was \$15,970,000.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

*LED Note*

In 2018, Middletown Township obtained a \$1,306,448 draw-down note to purchase LED street lights for the Township. In 2021, an additional \$189,800 was drawn down. The note is payable in monthly installments based on a twelve-year repayment schedule, with interest of 2.6%. A schedule of the Township's debt service requirements are as follows:

Year Ending December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 111,548	\$ 17,859	\$ 129,407
2024	114,884	14,524	129,408
2025	118,319	11,089	129,408
2026	121,857	7,551	129,408
2027	125,501	3,532	129,033
2028	62,074	3,281	65,355
Total	<u>\$ 654,183</u>	<u>\$ 57,836</u>	<u>\$ 712,019</u>

*Capital Leases*

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 84,706
Less: Accumulated depreciation	<u>(25,413)</u>
Total	<u>\$ 59,293</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022, were as follows:

	<u>Governmental Activities</u>
Year Ending December 31,	
2023	\$ <u>18,809</u>
Total minimum lease payments	18,809
Less: amount representing interest	<u>(960)</u>
Present value of minimum lease payments	<u>\$ 17,849</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

*Long-Term Liabilities Summary*

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

<b>Governmental activities:</b>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable					
G.O. Bonds 2020	\$ 10,930,000	\$ -	\$ (1,510,000)	\$ 9,420,000	\$ 1,580,000
G.O. Bonds 2021	<u>5,920,000</u>	<u>-</u>	<u>(445,000)</u>	<u>5,475,000</u>	<u>475,000</u>
Subtotal	16,850,000	-	(1,955,000)	14,895,000	2,055,000
Deferred amounts:					
For issuance premiums	2,339,704	-	(333,793)	2,005,911	-
For issuance discount	<u>(57,914)</u>	<u>-</u>	<u>7,239</u>	<u>(50,675)</u>	<u>-</u>
Total bonds payable	19,131,790	-	(2,281,554)	16,850,236	2,055,000
Notes payable	762,581	-	(108,398)	654,183	111,548
Capital leases	34,788	-	(16,939)	17,849	17,849
Compensated absences	2,220,559	2,041,426	(1,795,156)	2,466,829	134,236
Net pension liability	3,961,510	6,543,298	4,670,783	15,175,591	-
Net OPEB liability	<u>13,320,380</u>	<u>1,445,557</u>	<u>(1,523,303)</u>	<u>13,242,634</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 39,431,608</u>	<u>\$ 10,030,281</u>	<u>\$ (1,054,567)</u>	<u>\$ 48,407,322</u>	<u>\$ 2,318,633</u>

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences, pension, and OPEB liabilities are generally liquidated by the general fund. Annual debt service requirements to maturity for bonds, loans and notes outstanding are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,166,548	\$ 655,959
2024	2,269,884	549,874
2025	2,378,319	438,689
2026	2,496,857	322,151
2027	2,620,501	199,382
2028-2029	<u>3,617,074</u>	<u>93,181</u>
Total	<u>\$ 15,549,183</u>	<u>\$ 2,259,236</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**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, 2022. 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.

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

At December 31, 2022, 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)	69	28
Inactive employees entitled to benefits but not yet receiving them	2	8
Active employees	<u>44</u>	<u>51</u>
	<u>115</u>	<u>87</u>

(1) Police: includes 14 DROP members

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Benefits Provided - Police Pension Plan

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

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

Retirement on or before December 31, 2021. In the event of the death of a police officer who retired or became disabled on or before December 31, 2021, his widow, or her widower, shall be entitled, during his or her lifetime, to sixty-five percent (65%) of the pension the police officer was receiving or would have been receiving had he or she been retired at the time of his or her death. If there is no surviving spouse, or if the spouse survives and subsequently dies, then benefit entitlement shall continue to the member's child or children under the age of eighteen (18) years, or if attending college, under or attaining the age of twenty-three (23) years. Retirement on or after January 1, 2021. In the event of the death of a police officer who retired or became disabled on or after January 1, 2021, his widow, or her widower, shall be entitled, during his or her lifetime, to seventy-five percent (75%) of the pension the police officer was receiving or would have been receiving had he or she been retired at the time of his or her death. If there is no surviving spouse, or if the spouse survives and subsequently dies, then benefit entitlement shall continue to the member's child or children under the age of eighteen (18) years, or if attending college, under or attaining the age of twenty-three (23) years.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Benefits Provided - Police Pension Plan (continued)

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township. The maximum DROP period is 60 months; however, for officers hired prior to 2021, the maximum DROP period is 96 months.

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

Benefits Provided - Non-Uniformed Pension Plan

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Benefits Provided - Non-Uniformed Pension Plan (continued)

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.

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.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid for the pension, which is recognized as revenue and expense as follows for the year ended December 31, 2022.

	Police	Non-Uniformed	Total
Township contributions	\$ 2,791,410	\$ 206,463	\$ 2,997,873
Employee contributions	397,908	179,641	577,549
State aid	474,788	255,655	730,443
	\$ 3,664,106	\$ 641,759	\$ 4,305,865

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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, 2022, the annual money-weighted rate of return on Plan investments, net of investment expense was -11.94% for Police and -13.07% for Non-Uniformed. 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, 2022 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 65,682,167	\$ 12,074,119
Plan fiduciary net position	<u>(52,869,098)</u>	<u>(9,711,597)</u>
Net pension liability	<u>\$ 12,813,069</u>	<u>\$ 2,362,522</u>
Plan fiduciary net position as a percentage of the total pension liability	80%	80%

*Actuarial Assumptions:* The total pension liability in the January 1, 2022 actuarial valuation for Non-Uniformed and Police Pension plan was determined using the following economic assumptions, applied to all periods included in the measurement:

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2021.

The net pension liability for the Police and Non-Uniformed Pension plans was measured as of December 31, 2022 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. There were no changes to benefit terms or assumptions for the pension plans since the valuation date.

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>	Target <u>Allocation</u>	Long-term Expected Rate <u>of Return</u>
Domestic Equity	51.00%	5.50%-7.50%
International Equity	6.00%	4.50%-6.50%
Fixed Income	40.00%	1.00%-3.00%
Cash	<u>3.00%</u>	0.00%-1.00%
	<u>100.00%</u>	

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2021	\$ 63,218,815	\$ 59,583,941	\$ 3,634,874
Changes for the year:			
Service cost	1,528,915	-	1,528,915
Interest	3,894,605	-	3,894,605
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	3,266,198	(3,266,198)
Contributions - employee	-	397,908	(397,908)
Net investment income	-	(7,405,096)	7,405,096
Benefit payments, including refunds of employee contributions	(2,960,168)	(2,960,168)	-
Administrative expense	-	(13,685)	13,685
Net Changes	2,463,352	(6,714,843)	9,178,195
Balance at December 31, 2022	\$ 65,682,167	\$ 52,869,098	\$ 12,813,069
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b><u>Non-Uniformed Pension Plan</u></b>			
Balance at December 31, 2021	\$ 11,856,828	\$ 11,530,192	\$ 326,636
Changes for the year:			
Service cost	300,362	-	300,362
Interest	819,416	-	819,416
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	462,118	(462,118)
Contributions - employee	-	179,641	(179,641)
Net investment income	-	(1,547,867)	1,547,867
Benefit payments, including refunds of employee contributions	(902,487)	(902,487)	-
Administrative expense	-	(10,000)	10,000
Net Changes	217,291	(1,818,595)	2,035,886
Balance at December 31, 2022	\$ 12,074,119	\$ 9,711,597	\$ 2,362,522

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability			
Police	\$ 19,559,968	\$ 12,813,069	\$ 7,151,836
Non-Uniformed	3,529,227	2,362,522	1,351,304

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2022, the Township recognized pension expense of \$2,918,394 for Police Pension and \$601,107 for Non-Uniformed Pension. At December 31, 2022, 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	\$ 28,459	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>6,532,534</u>	<u>-</u>
Total	<u>\$ 6,560,993</u>	<u>\$ -</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ 135,568	\$ 19,372
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>1,233,706</u>	<u>-</u>
Total	<u>\$ 1,369,274</u>	<u>\$ 19,372</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

Year Ended			
<u>December 31:</u>	<u>Police</u>		<u>Non-Uniformed</u>
2023	\$ 927,598	\$	190,339
2024	1,423,491		290,723
2025	1,889,877		399,739
2026	2,320,027		469,101
2027	-		-
Total	<u>\$ 6,560,993</u>	\$	<u>1,349,902</u>

*Payable to the Pension Plan:* For the year ended December 31, 2022, there were no amounts payable to the Police Pension Plan and Non-Uniformed Pension Plan.

**Deferred Retirement Option Program**

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 96 months after entering the DROP. As of December 31, 2022, the DROP account balance of \$4,196,482 is held by the plan pursuant to the DROP.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**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, 2022.

	<u>Combining Statement of Net Position</u>		
	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,046,288	\$ 617,893	\$ 4,664,181
Prepaid expenses	335,284	43,872	379,156
Accrued interest	188,682	37,705	226,387
Other receivables	-	23,313	23,313
<b>Investments, at fair value:</b>			
U.S. government obligations	6,725,058	1,173,441	7,898,499
Government sponsored mortgages	736,270	160,244	896,514
Corporate obligations	5,246,870	924,467	6,171,337
Private placements	109,830	23,876	133,706
Municipal obligations	4,387,673	1,092,804	5,480,477
Asset backed and mortgages	2,764,097	560,375	3,324,472
Mutual fund-equity	4,030,799	-	4,030,799
Mutual fund-debt	1,252,667	237,683	1,490,350
Stock equities	22,622,022	4,809,879	27,431,901
Foreign obligations	440,425	94,197	534,622
Real estate securities	6,446	-	6,446
Total Assets	<u>52,892,411</u>	<u>9,799,749</u>	<u>62,692,160</u>
Liabilities: Accounts payable	<u>23,313</u>	<u>88,152</u>	<u>111,465</u>
Net position restricted for pension benefits	<u>\$ 52,869,098</u>	<u>\$ 9,711,597</u>	<u>\$ 62,580,695</u>

	<u>Combining Statement of Changes in Net Position</u>		
	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Employee contributions	\$ 397,908	\$ 179,641	\$ 577,549
Employer contributions	2,791,410	206,463	2,997,873
State Aid	474,788	255,655	730,443
Total Contributions	<u>3,664,106</u>	<u>641,759</u>	<u>4,305,865</u>
<b>Investment Income</b>			
Net appreciation (depreciation) in fair value of investments	(8,243,136)	(2,036,884)	(10,280,020)
Interest and dividends	1,097,299	544,744	1,642,043
Total investment earnings	<u>(7,145,837)</u>	<u>(1,492,140)</u>	<u>(8,637,977)</u>
Less investment expense	(259,654)	(55,727)	(315,381)
Net Investment Income	<u>(7,405,491)</u>	<u>(1,547,867)</u>	<u>(8,953,358)</u>
Total Additions	<u>(3,741,385)</u>	<u>(906,108)</u>	<u>(4,647,493)</u>
<b>Deductions</b>			
Benefits	2,959,772	902,487	3,862,259
Administrative expenses	13,685	10,000	23,685
Total Deductions	<u>2,973,457</u>	<u>912,487</u>	<u>3,885,944</u>
Change in Net Position	(6,714,842)	(1,818,595)	(8,533,437)
<b>Net Position Restricted for Pension Benefits</b>			
Beginning of Year	59,583,940	11,530,192	71,114,132
End of Year	<u>\$ 52,869,098</u>	<u>\$ 9,711,597</u>	<u>\$ 62,580,695</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

	<u>Combining Pension Information</u>		
	<u>Police Pension Fund</u>	<u>Non-Uniform Pension Fund</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 28,459	\$ 135,568	\$ 164,027
Changes in assumptions	-	-	-
Total Deferred Outflows of Resources	<u>\$ 6,560,993</u>	<u>\$ 1,369,274</u>	<u>\$ 7,930,267</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 19,372	\$ 19,372
Net differences between projected and actual earnings on pension plan investments	-	-	-
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 19,372</u>	<u>\$ 19,372</u>
Net Pension Liability	<u>\$ 12,813,069</u>	<u>\$ 2,362,522</u>	<u>\$ 15,175,591</u>
Pension Expense	<u>\$ 2,918,394</u>	<u>\$ 601,107</u>	<u>\$ 3,519,501</u>

**H. Deferred Compensation Plan**

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

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

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

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**I. Other Post Employment Benefits**

The Township sponsors a single-employer defined benefit post-employment plan (the Plan, OPEB) for eligible employees of the Township. The Plan was established and is governed by the provisions of the collective bargaining agreement between the Township and the police officers, to provide continuation of medical and vision insurance for employees who retire from the Middletown Township Police Pension Plan. The Plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the Plan. The most recent valuation was as of January 1, 2022. The Plan does not issue a separate financial statement.

Membership of the Plan consisted of the following at December 31, 2022 (the date of the latest actuarial valuation):

Inactive employees (or their beneficiaries)	
currently receiving benefits	48
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>58</u>
	<u>106</u>

*Eligibility:* All sworn police officers retiring on or after January 1, 1991, who receive retirement benefits by reason of age and service, or a service-connected disability, are eligible for reimbursement by the Township, commencing upon the date of retirement or service-connected disability, and for a maximum period of from five to ten years depending on the employee's accumulated unused sick leave at retirement.

*Benefits Provided:* The Township provides limited reimbursement for post-retirement health benefits to police officers. Upon meeting the eligibility requirements, the Plan will pay the premiums for the retired member's coverage under the medical insurance program available to active Township officers. Officers retiring on or after January 1, 2020 receive seven years of fully paid medical and dental benefits after which they can trade accumulated unused sick leave hours for up to five additional years of fully paid benefits based on coverage type. Family coverage may be purchased using an additional 100 hours per year of coverage. Once a retiree exhausts his or her sick leave hours, he or she may continue coverage by paying the full premium. The Township also reimburses the \$3,000 annual medical insurance deductible. Vision coverage is fully paid for the lifetimes of the retiree and spouse. Retirees who retired under prior agreements may have different cost sharing arrangements.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

Net OPEB Liability

The Township’s net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>	
Inflation	2.50%	
Salary Increases	5.0%	(including inflation)
Investment Rate of Return	4.3%	(net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	Medical trend rates are assumed to be 7% in 2023 with .5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on long-run medical cost trend model.	

Mortality rates were based on the PubS-2010 headcount-weighted mortality table including rates for contingent survivors. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study from the period January 1, 2019 to December 31, 2021. There were no benefit terms changes since January 1, 2022. In 2022, the discount rate increased from 3% to 4.31%, and the trend, disability, retirement, and mortality assumptions were updated.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

*Discount Rate:* The discount rate used to measure the total OPEB liability was 4.31 percent, based upon S&P Municipal Bond 20-year High Grade Rate Index, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

*Change in Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>OPEB Plan</u></b>			
Balance at December 31, 2021	\$ 13,320,380	\$ -	\$ 13,320,380
Changes for the year:			
Service cost	1,027,227	-	1,027,227
Interest	418,330	-	418,330
Change of benefit terms	-	-	-
Differences between expected and actual experience	2,802,120	-	2,802,120
Change of assumptions	(3,580,969)	-	(3,580,969)
Contributions - employer	-	744,454	(744,454)
Benefit payments, including refunds of employee contributions	(744,454)	(744,454)	-
Net Changes	(77,746)	-	(77,746)
Balance at December 31, 2022	\$ 13,242,634	\$ -	\$ 13,242,634

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 4.31 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	<u>(3.31%)</u>	<u>Rate (4.31%)</u>	<u>(5.31%)</u>
Net OPEB liability	\$ 14,500,659	\$ 13,242,634	\$ 12,118,867

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

	1% Decrease Valuation Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Net OPEB liability	\$ 11,750,018	\$ 13,242,634	\$ 15,024,532

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

For the year ended December 31, 2022, the actuarial determined expense for the OPEB Plan was \$1,428,726. At December 31, 2022, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b><u>OPEB Plan</u></b>		
Differences between expected and actual experience	\$ 2,855,928	\$ 95,168
Changes in assumptions	33,744	3,133,348
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 2,889,672</u>	<u>\$ 3,228,516</u>

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

Year Ended <u>December 31:</u>	Governmental- Activities <u>OPEB</u>
2023	\$ (16,831)
2024	(16,831)
2025	19,566
2026	(32,679)
2027	(97,356)
Thereafter	(194,713)
Total	<u>\$ (338,844)</u>

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**J. Interfund Advances and Transfers**

*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	\$ -	\$ 1,047,492
Investment	-	1,750,000
Capital Reserve	2,000,000	-
Other Governmental Funds	925,092	276,964
Country Club	-	-
Farm Fund	149,364	-
Total	\$ 3,074,456	\$ 3,074,456

Interfund transfers are primarily the result of:

- (1) to permanently move resources

**K. Risk Management**

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

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

- For the Non-Police Employees, in the 2022-2023 plan year, the Township will only cover 80% of the deductible amount of the insurance and these employees will be required to pay a portion of the insurance premiums based on their base pay level - tiered approach 6.5%, 9%, or 11.5% depending on base pay level. The Township has set up a Section 125 plan for this.
- For the 2022-2022 plan year, the Township continues to fund 100% of the deductible for the Police, and no contributions towards premium are required of the police.

TOWNSHIP OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**K. Risk Management (Continued)**

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, 2022. The maximum exposure for these costs in 2022-2023 plan year was \$562,048. The total actual charges incurred by the Township for these deductibles in 2022 were \$425,175. 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.

**REQUIRED**

**SUPPLEMENTARY INFORMATION**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 1,528,915	\$ 1,463,077	\$ 1,554,404	\$ 1,588,734	\$ 1,348,542	\$ 1,357,815	\$ 1,193,316	\$ 1,276,152	\$ 1,194,091
Interest	3,894,605	4,256,283	4,058,238	3,858,568	3,553,433	3,403,148	3,402,855	3,290,244	3,285,767
Changes of benefit terms	-	-	302,385	-	-	-	-	-	-
Differences between expected and actual experience	-	10,739	64,372	-	1,628,905	(468,675)	(1,161,644)	(2,173,755)	-
Changes of assumptions	-	-	-	-	-	2,343,901	-	-	-
Benefit payments, including refunds of employee contributions	(2,960,168)	(3,683,029)	(2,456,144)	(2,664,954)	(2,159,058)	(2,113,117)	(3,282,729)	(2,681,430)	(1,975,510)
Net change in total pension liability	2,463,352	2,047,070	3,523,255	2,782,348	4,371,822	4,523,072	151,798	(288,789)	2,504,348
Total pension liability - beginning	63,218,815	61,171,745	57,648,490	54,866,142	50,494,320	45,971,248	45,819,450	46,108,239	43,603,891
Total pension liability - ending (a)	<u>\$ 65,682,167</u>	<u>\$ 63,218,815</u>	<u>\$ 61,171,745</u>	<u>\$ 57,648,490</u>	<u>\$ 54,866,142</u>	<u>\$ 50,494,320</u>	<u>\$ 45,971,248</u>	<u>\$ 45,819,450</u>	<u>\$ 46,108,239</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 3,266,198	\$ 3,333,680	\$ 3,411,942	\$ 3,244,530	\$ 2,938,145	\$ 2,359,921	\$ 2,350,510	\$ 2,285,033	\$ 2,463,341
Contributions - employee	397,908	381,690	390,488	415,045	366,990	424,418	305,677	287,846	280,895
Net investment income	(7,405,096)	5,926,929	5,724,685	5,416,335	(1,664,963)	4,100,522	1,514,854	792,419	2,967,160
Benefit payments, including refunds of employee contributions	(2,960,168)	(3,683,029)	(2,456,144)	(2,664,954)	(2,159,058)	(2,113,117)	(3,282,729)	(2,681,430)	(1,975,510)
Administrative expense	(13,685)	(409,434)	(330,378)	(350,712)	(341,585)	(327,530)	(301,410)	(301,262)	(276,760)
Net change in plan fiduciary net position	(6,714,843)	5,549,836	6,740,593	6,060,244	(860,471)	4,444,214	586,902	382,606	3,459,126
<b>Plan fiduciary net position - beginning</b>	<u>59,583,941</u>	<u>54,034,105</u>	<u>47,293,512</u>	<u>41,233,268</u>	<u>42,093,739</u>	<u>37,649,525</u>	<u>37,062,623</u>	<u>36,680,017</u>	<u>33,220,891</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 52,869,098</u>	<u>\$ 59,583,941</u>	<u>\$ 54,034,105</u>	<u>\$ 47,293,512</u>	<u>\$ 41,233,268</u>	<u>\$ 42,093,739</u>	<u>\$ 37,649,525</u>	<u>\$ 37,062,623</u>	<u>\$ 36,680,017</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 12,813,069</u>	<u>\$ 3,634,874</u>	<u>\$ 7,137,640</u>	<u>\$ 10,354,978</u>	<u>\$ 13,632,874</u>	<u>\$ 8,400,581</u>	<u>\$ 8,321,723</u>	<u>\$ 8,756,827</u>	<u>\$ 9,428,222</u>
Plan fiduciary net position as a percentage of the total pension liability	80.5%	94.3%	88.3%	82.0%	75.2%	83.4%	81.9%	80.9%	79.6%
Covered payroll	\$ 6,600,185	\$ 6,152,227	\$ 6,351,547	\$ 6,512,632	\$ 6,202,893	\$ 5,805,841	\$ 5,275,475	\$ 4,899,227	\$ 4,252,730
Net pension liability as a percentage of covered payroll	194.1%	59.1%	112.4%	159.0%	219.8%	144.7%	157.7%	178.7%	221.7%
Annual money-weighted return, net of investment expenses	-11.94%	10.49%	11.61%	12.74%	-4.80%	10.34%	4.29%	2.23%	9.18%

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2021

Change in assumptions: None since 1/1/2021

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

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2013	\$ 2,509,929	\$ 2,509,929	\$ -	\$ 4,575,677	54.85%
2014	2,463,341	2,463,341	-	4,252,730	57.92%
2015	2,285,033	2,285,033	-	4,899,227	46.64%
2016	2,350,510	2,350,510	-	5,275,475	44.56%
2017	2,359,921	2,359,921	-	5,805,841	40.65%
2018	2,938,145	2,938,145	-	6,202,893	47.37%
2019	3,244,530	3,244,530	-	6,512,632	49.82%
2020	3,411,929	3,411,942	(13)	6,351,547	53.72%
2021	3,333,680	3,333,680	-	6,152,227	54.19%
2022	3,266,198	3,266,198	-	6,600,185	49.49%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	6 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	2.5%
Salary increases	4.5%
Investment rate of return	7%
Retirement age	Normal Retirement Age
Mortality	RP2000 Table, not including projected mortality improvements

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2021

Change in assumptions: None since 1/1/2021

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>									
Service cost	\$ 300,362	\$ 287,428	\$ 258,096	\$ 259,685	\$ 213,140	\$ 214,587	\$ 146,617	\$ 176,804	\$ 206,812
Interest	819,416	794,516	746,459	712,288	661,443	630,877	568,224	533,592	513,290
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	228,936	(79,436)	360,830	-	446,337	(232,708)	-
Changes of assumptions	-	-	-	-	-	424,999	-	-	-
Benefit payments, including refunds of employee contributions	(902,487)	(575,824)	(576,787)	(387,662)	(564,664)	(250,061)	(185,814)	(251,086)	(122,292)
Net change in total pension liability	217,291	506,120	656,704	504,875	670,749	1,020,402	975,364	226,602	597,810
Total pension liability - beginning	11,856,828	11,350,708	10,694,004	10,189,129	9,518,380	8,497,978	7,522,614	7,296,012	6,698,202
Total pension liability - ending (a)	<u>\$ 12,074,119</u>	<u>\$ 11,856,828</u>	<u>\$ 11,350,708</u>	<u>\$ 10,694,004</u>	<u>\$ 10,189,129</u>	<u>\$ 9,518,380</u>	<u>\$ 8,497,978</u>	<u>\$ 7,522,614</u>	<u>\$ 7,296,012</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 462,118	\$ 421,759	\$ 416,556	\$ 363,912	\$ 310,213	\$ 189,147	\$ 310,501	\$ 308,202	\$ 203,448
Contributions - employee	179,641	170,824	159,060	150,491	148,817	141,549	126,027	121,892	128,673
Net investment income	(1,547,867)	1,235,099	1,196,983	1,141,122	(350,052)	862,906	307,760	166,261	626,530
Benefit payments, including refunds of employee contributions	(902,487)	(575,824)	(576,787)	(387,662)	(564,664)	(250,061)	(185,814)	(251,086)	(122,292)
Administrative expense	(10,000)	(101,843)	(87,053)	(93,957)	(86,755)	(87,613)	(80,228)	(80,531)	(74,620)
Net change in plan fiduciary net position	(1,818,595)	1,150,015	1,108,759	1,173,906	(542,441)	855,928	478,246	264,738	761,739
<b>Plan fiduciary net position - beginning</b>	<u>11,530,192</u>	<u>10,380,177</u>	<u>9,271,418</u>	<u>8,097,512</u>	<u>8,639,953</u>	<u>7,784,025</u>	<u>7,305,779</u>	<u>7,041,041</u>	<u>6,279,302</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 9,711,597</u>	<u>\$ 11,530,192</u>	<u>\$ 10,380,177</u>	<u>\$ 9,271,418</u>	<u>\$ 8,097,512</u>	<u>\$ 8,639,953</u>	<u>\$ 7,784,025</u>	<u>\$ 7,305,779</u>	<u>\$ 7,041,041</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 2,362,522</u>	<u>\$ 326,636</u>	<u>\$ 970,531</u>	<u>\$ 1,422,586</u>	<u>\$ 2,091,617</u>	<u>\$ 878,427</u>	<u>\$ 713,953</u>	<u>\$ 216,835</u>	<u>\$ 254,971</u>
Plan fiduciary net position as a percentage of the total pension liability	80.4%	97.2%	91.4%	86.7%	79.5%	90.8%	91.6%	97.1%	96.5%
Covered payroll	\$ 3,614,127	\$ 3,553,224	\$ 3,729,214	\$ 3,953,754	\$ 3,248,014	\$ 3,345,279	\$ 2,837,674	\$ 2,759,135	\$ 2,674,421
Net pension liability as a percentage of covered payroll	65.4%	9.2%	26.0%	36.0%	64.4%	26.3%	25.2%	7.9%	9.5%
Annual money-weighted return, net of investment expenses	-13.07%	11.23%	12.28%	13.32%	-4.98%	10.22%	4.23%	2.36%	9.18%

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2021

Change in assumptions: None since 1/1/2021

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

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORM PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2013	\$ 176,779	\$ 176,779	\$ -	\$ 2,613,421	6.76%
2014	203,448	203,448	-	2,674,421	7.61%
2015	308,202	308,202	-	2,759,135	11.17%
2016	310,501	310,501	-	2,837,674	10.94%
2017	189,147	189,147	-	3,345,279	5.65%
2018	301,213	310,213	(9,000)	3,248,014	9.55%
2019	363,912	363,912	-	3,953,754	9.20%
2020	416,541	416,556	(15)	3,729,214	11.17%
2021	421,759	421,759	-	3,553,224	11.87%
2022	462,118	462,118	-	3,614,127	12.79%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	7 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	2.5%
Salary increases	4.5%
Investment rate of return	7%
Retirement age	Normal Retirement Age
Mortality	RP2000 Table, not including projected mortality improvements

**Notes to Schedule:**

Change in benefit terms:	None since 1/1/2021
Change in assumptions:	None since 1/1/2021

TOWNSHIP OF MIDDLETOWN

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 1,027,227	\$ 773,526	\$ 884,916	\$ 296,193	\$ 265,570
Interest	418,330	394,181	371,680	220,995	224,388
Changes of benefit terms	-	-	5,311,734	-	-
Differences between expected and actual experience	2,802,120	-	748,455	(270,588)	-
Changes of assumptions	(3,580,969)	-	62,502	-	-
Benefit payments (including premium subsidies)	(744,454)	(426,348)	(364,005)	(364,245)	(305,407)
Net change in total OPEB liability	(77,746)	741,359	7,015,282	(117,645)	184,551
Total OPEB liability - beginning	<u>13,320,380</u>	<u>12,579,021</u>	<u>5,563,739</u>	<u>5,681,384</u>	<u>5,496,833</u>
Total OPEB liability - ending (a)	<u>\$ 13,242,634</u>	<u>\$ 13,320,380</u>	<u>\$ 12,579,021</u>	<u>\$ 5,563,739</u>	<u>\$ 5,681,384</u>
<b>Plan fiduciary net position</b>					
Contributions - employer (including premium subsidies)	\$ 744,454	\$ 426,348	\$ 364,005	\$ 364,245	\$ 305,407
Benefit payments (including premium subsidies)	(744,454)	(426,348)	(364,005)	(364,245)	(305,407)
Net change in plan fiduciary net position	-	-	-	-	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Township's net OPEB liability - ending (a)-(b)</b>	<u>\$ 13,242,634</u>	<u>\$ 13,320,380</u>	<u>\$ 12,579,021</u>	<u>\$ 5,563,739</u>	<u>\$ 5,681,384</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 7,207,923	\$ 7,622,136	\$ 7,998,519	\$ 7,348,493	\$ 7,339,439
Net OPEB liability as a percentage of covered payroll	183.7%	174.8%	157.3%	75.7%	77.4%
Annual money-weighted return, net of investment expenses	Not Applicable				

**Notes to Schedule:**

Changes in assumptions: In 2022, the discount rate increased from 3% to 4.31%, and the trend, disability, retirement, and mortality assumptions were updated.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST-EMPLOYMENT BENEFITS

There are no assets accumulated in a trust that meets the criteria for the Other Post-Employment Benefits Plan to pay related benefits of the Plan

## **SUPPLEMENTARY INFORMATION**

TOWNSHIP OF MIDDLETOWN

**MAJOR GOVERNMENTAL FUNDS**

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

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

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

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	<u>CAPITAL RESERVE</u>		
	<u>Original and Final Budget</u>	<u>ACTUAL</u>	<u>Variance with Final Budget</u>
Revenues			
Licenses and permits	\$ -	\$ 26,920	\$ 26,920
Investment income and rent	40,000	67,146	27,146
Intergovernmental revenues	275,000	409,178	134,178
Other	-	96,383	96,383
Total Revenues	<u>315,000</u>	<u>599,627</u>	<u>284,627</u>
Expenditures			
Capital outlays/development	<u>8,448,500</u>	<u>4,312,143</u>	<u>4,136,357</u>
Total Expenditures	<u>8,448,500</u>	<u>4,312,143</u>	<u>4,136,357</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,133,500)</u>	<u>(3,712,516)</u>	<u>4,420,984</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	87,600	(87,600)
Transfers in	<u>1,000,000</u>	<u>2,000,000</u>	<u>(1,000,000)</u>
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>2,087,600</u>	<u>(1,087,600)</u>
Net Change in Fund Balance	(7,133,500)	(1,624,916)	5,508,584
Fund Balance - Beginning	<u>5,506,026</u>	<u>5,506,026</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (1,627,474)</u>	<u>\$ 3,881,110</u>	<u>\$ 5,508,584</u>

TOWNSHIP OF MIDDLETOWN  
NON-MAJOR GOVERNMENTAL FUNDS

*Special Revenue Funds*

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

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

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

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

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

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

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

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

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

TOWNSHIP OF MIDDLETOWN

NON-MAJOR GOVERNMENTAL FUNDS

*Capital Projects Funds*

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

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

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

*Debt Service Funds*

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

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

TOWNSHIP OF MIDDLETOWN

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2022

	<u>Special Revenue</u>								<u>Capital Projects</u>			Debt Service	Total Non-major Governmental Funds	
	General Street Lighting	Fire Protection	Parks and Recreation	Ambulance and Rescue	Road Machinery	Fire Hydrant	Police Forfeiture	State Highway Aid	Total	Curb/Road Revolving	Contingency			Total
<b><u>ASSETS</u></b>														
Cash and cash equivalents	\$ 690,725	\$ 699,893	\$ 444,255	\$ 15,097	\$ 598,751	\$ 1,432	\$ 38,490	\$ 1,146,823	\$ 3,635,466	\$ 7,756	\$ 811	\$ 8,567	\$ 442,995	\$ 4,087,028
Receivables	109	237	823	94	42	15	-	-	1,320	-	-	-	712	2,032
Total Assets	<u>\$ 690,834</u>	<u>\$ 700,130</u>	<u>\$ 445,078</u>	<u>\$ 15,191</u>	<u>\$ 598,793</u>	<u>\$ 1,447</u>	<u>\$ 38,490</u>	<u>\$ 1,146,823</u>	<u>\$ 3,636,786</u>	<u>\$ 7,756</u>	<u>\$ 811</u>	<u>\$ 8,567</u>	<u>\$ 443,707</u>	<u>\$ 4,089,060</u>
<b><u>LIABILITIES</u></b>														
Accounts payable	\$ 271	\$ 23	\$ 15,399	\$ 33	\$ -	\$ -	\$ -	\$ 6,838	\$ 22,564	\$ -	\$ -	\$ -	\$ 10,784	\$ 33,348
Accrued salaries and benefits	1,200	-	19,398	-	-	-	-	39,839	60,437	-	-	-	-	60,437
Total Liabilities	<u>1,471</u>	<u>23</u>	<u>34,797</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,677</u>	<u>83,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,784</u>	<u>93,785</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>														
Unavailable revenue-special assessments	-	-	-	-	-	-	-	-	-	2,345	-	2,345	-	2,345
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,345</u>	<u>-</u>	<u>2,345</u>	<u>-</u>	<u>2,345</u>
<b><u>FUND BALANCES</u></b>														
Restricted:														
Street lighting	689,363	-	-	-	-	-	-	-	689,363	-	-	-	-	689,363
Road machinery	-	-	-	-	598,793	-	-	-	598,793	-	-	-	-	598,793
Fire and ambulance	-	700,107	-	15,158	-	1,447	-	-	716,712	-	-	-	-	716,712
Police	-	-	-	-	-	-	38,490	-	38,490	-	-	-	-	38,490
Streets and highways	-	-	-	-	-	-	-	1,100,146	1,100,146	-	-	-	-	1,100,146
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	432,923	432,923
Committed:														
Park and recreation	-	-	410,281	-	-	-	-	-	410,281	-	-	-	-	410,281
Assigned:														
Capital projects	-	-	-	-	-	-	-	-	-	5,411	811	6,222	-	6,222
Total Fund Balances	<u>689,363</u>	<u>700,107</u>	<u>410,281</u>	<u>15,158</u>	<u>598,793</u>	<u>1,447</u>	<u>38,490</u>	<u>1,100,146</u>	<u>3,553,785</u>	<u>5,411</u>	<u>811</u>	<u>6,222</u>	<u>432,923</u>	<u>3,992,930</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 690,834</u>	<u>\$ 700,130</u>	<u>\$ 445,078</u>	<u>\$ 15,191</u>	<u>\$ 598,793</u>	<u>\$ 1,447</u>	<u>\$ 38,490</u>	<u>\$ 1,146,823</u>	<u>\$ 3,636,786</u>	<u>\$ 7,756</u>	<u>\$ 811</u>	<u>\$ 8,567</u>	<u>\$ 443,707</u>	<u>\$ 4,089,060</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	<u>Special Revenue</u>								<u>Capital Projects</u>			Debt Service	Total Non-major Governmental Funds	
	General Street Lighting	Fire Protection	Parks and Recreation	Ambulance and Rescue	Road Machinery	Fire Hydrant	Police Forfeiture	State Highway Aid	Total	Curb/Road Revolving	Contingency			Total
Revenues														
Property taxes	\$ 408,568	\$ 801,632	\$ 996,796	\$ 227,995	\$ 155,949	\$ 55,631	\$ -	\$ -	\$ 2,646,571	\$ -	\$ -	\$ -	\$ 2,670,282	\$ 5,316,853
Investment income and rent	12,513	-	25,171	578	9,118	351	597	20,847	69,175	-	-	-	19,474	88,649
Intergovernmental revenues	-	355,891	-	-	-	-	-	1,240,374	1,596,265	-	-	-	-	1,596,265
Charges for services	-	-	419,636	-	-	-	-	-	419,636	-	-	-	-	419,636
Contributions private sources	-	-	5,587	-	-	-	-	-	5,587	-	-	-	-	5,587
Other	1,197	-	-	-	-	-	-	-	1,197	-	-	-	-	1,197
Total Revenues	<u>422,278</u>	<u>1,157,523</u>	<u>1,447,190</u>	<u>228,573</u>	<u>165,067</u>	<u>55,982</u>	<u>597</u>	<u>1,261,221</u>	<u>4,738,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,689,756</u>	<u>7,428,187</u>
Expenditures														
Current														
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	1,257,940	-	232,310	-	62,042	-	-	1,552,292	-	-	-	-	1,552,292
Public works	304,764	-	-	-	-	-	-	970,963	1,275,727	-	-	-	-	1,275,727
Parks and recreation	-	-	1,557,606	-	-	-	-	-	1,557,606	-	-	-	-	1,557,606
Debt Service														
Principal	-	-	-	-	-	-	-	-	-	-	-	-	2,063,399	2,063,399
Interest	-	-	-	-	-	-	-	-	-	-	-	-	756,859	756,859
Fiscal agent fees	-	-	-	-	-	-	-	-	-	-	-	-	1,560	1,560
Total Expenditures	<u>304,764</u>	<u>1,257,940</u>	<u>1,557,606</u>	<u>232,310</u>	<u>-</u>	<u>62,042</u>	<u>-</u>	<u>970,963</u>	<u>4,385,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,821,818</u>	<u>7,207,443</u>
Excess (Deficiency) of Revenues Over Expenditures	117,514	(100,417)	(110,416)	(3,737)	165,067	(6,060)	597	290,258	352,806	-	-	-	(132,062)	220,744
Other Financing Sources (Uses)														
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of long term notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond premiums and discounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	780,000	17,492	-	-	-	-	-	797,492	-	-	-	127,600	925,092
Transfers out	(127,600)	-	-	-	-	-	-	-	(127,600)	-	(149,364)	(149,364)	-	(276,964)
Total Other Financing Sources (Uses)	<u>(127,600)</u>	<u>780,000</u>	<u>17,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,892</u>	<u>-</u>	<u>(149,364)</u>	<u>(149,364)</u>	<u>127,600</u>	<u>648,128</u>
Net Change in Fund Balance	(10,086)	679,583	(92,924)	(3,737)	165,067	(6,060)	597	290,258	1,022,698	-	(149,364)	(149,364)	(4,462)	868,872
Fund Balance - Beginning	699,449	20,524	503,205	18,895	433,726	7,507	37,893	809,888	2,531,087	5,411	150,175	155,586	437,385	3,124,058
Fund Balance - Ending	<u>\$ 689,363</u>	<u>\$ 700,107</u>	<u>\$ 410,281</u>	<u>\$ 15,158</u>	<u>\$ 598,793</u>	<u>\$ 1,447</u>	<u>\$ 38,490</u>	<u>\$ 1,100,146</u>	<u>\$ 3,553,785</u>	<u>\$ 5,411</u>	<u>\$ 811</u>	<u>\$ 6,222</u>	<u>\$ 432,923</u>	<u>\$ 3,992,930</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	<u>GENERAL STREET LIGHTING FUND</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Property taxes	\$ 415,600	\$ 408,568	\$ (7,032)
Investment income and rent	4,000	12,513	8,513
Other	<u>-</u>	<u>1,197</u>	<u>1,197</u>
Total Revenues	<u>419,600</u>	<u>422,278</u>	<u>2,678</u>
Expenditures			
Current:			
Public works	<u>327,700</u>	<u>304,764</u>	<u>22,936</u>
Total Expenditures	<u>327,700</u>	<u>304,764</u>	<u>22,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>91,900</u>	<u>117,514</u>	<u>25,614</u>
Other Financing Sources (Uses)			
Transfers out	<u>(127,600)</u>	<u>(127,600)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(127,600)</u>	<u>(127,600)</u>	<u>-</u>
Net Change in Fund Balance	(35,700)	(10,086)	25,614
Fund Balance - Beginning	<u>699,449</u>	<u>699,449</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 663,749</u>	<u>\$ 689,363</u>	<u>\$ 25,614</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	<u>FIRE PROTECTION</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Property taxes	\$ 806,400	\$ 801,632	\$ (4,768)
Investment income and rent	500	-	(500)
Intergovernmental revenues	<u>288,000</u>	<u>355,891</u>	<u>67,891</u>
Total Revenues	<u>1,094,900</u>	<u>1,157,523</u>	<u>62,623</u>
Expenditures			
Current:			
Public safety	<u>1,873,500</u>	<u>1,257,940</u>	<u>615,560</u>
Total Expenditures	<u>1,873,500</u>	<u>1,257,940</u>	<u>615,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(778,600)</u>	<u>(100,417)</u>	<u>678,183</u>
Other Financing Sources (Uses)			
Transfers in	<u>780,000</u>	<u>780,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>780,000</u>	<u>780,000</u>	<u>-</u>
Net Change in Fund Balance	1,400	679,583	678,183
Fund Balance - Beginning	<u>20,524</u>	<u>20,524</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 21,924</u>	<u>\$ 700,107</u>	<u>\$ 678,183</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	<u>PARK AND RECREATION</u>		
	<u>Original and</u>		<u>Variance with</u>
	<u>Final Budget</u>	<u>ACTUAL</u>	<u>Final Budget</u>
Revenues			
Property taxes	\$ 1,003,000	\$ 996,796	\$ (6,204)
Investment income and rent	43,500	25,171	(18,329)
Charges for services	307,500	419,636	112,136
Contributions private sources	<u>5,000</u>	<u>5,587</u>	<u>587</u>
Total Revenues	<u>1,359,000</u>	<u>1,447,190</u>	<u>88,190</u>
Expenditures			
Current:			
Parks and recreation	<u>1,473,650</u>	<u>1,557,606</u>	<u>(83,956)</u>
Total Expenditures	<u>1,473,650</u>	<u>1,557,606</u>	<u>(83,956)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(114,650)</u>	<u>(110,416)</u>	<u>4,234</u>
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>17,492</u>	<u>17,492</u>
Net Change in Fund Balance	(114,650)	(92,924)	21,726
Fund Balance - Beginning	<u>503,205</u>	<u>503,205</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 388,555</u>	<u>\$ 410,281</u>	<u>\$ 21,726</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, 2022

	<u>AMBULANCE AND RESCUE</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Property taxes	\$ 232,300	\$ 227,995	\$ (4,305)
Investment income and rent	<u>200</u>	<u>578</u>	<u>378</u>
Total Revenues	<u>232,500</u>	<u>228,573</u>	<u>(3,927)</u>
Expenditures			
Current:			
Public safety	<u>233,000</u>	<u>232,310</u>	<u>690</u>
Total Expenditures	<u>233,000</u>	<u>232,310</u>	<u>690</u>
Net Change in Fund Balance	(500)	(3,737)	(3,237)
Fund Balance - Beginning	<u>18,895</u>	<u>18,895</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 18,395</u>	<u>\$ 15,158</u>	<u>\$ (3,237)</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, 2022

	<u>ROAD MACHINERY</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Property taxes	\$ 156,700	\$ 155,949	\$ (751)
Investment income and rent	<u>1,500</u>	<u>9,118</u>	<u>7,618</u>
Total Revenues	<u>158,200</u>	<u>165,067</u>	<u>6,867</u>
Expenditures			
Current:			
Public works	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance	148,200	165,067	16,867
Fund Balance - Beginning	<u>433,726</u>	<u>433,726</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 581,926</u>	<u>\$ 598,793</u>	<u>\$ 16,867</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, 2022

	<u>FIRE HYDRANT</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Property taxes	\$ 55,550	\$ 55,631	\$ 81
Investment income and rent	<u>500</u>	<u>351</u>	<u>(149)</u>
Total Revenues	<u>56,050</u>	<u>55,982</u>	<u>(68)</u>
Expenditures			
Current:			
Public safety	<u>55,000</u>	<u>62,042</u>	<u>(7,042)</u>
Total Expenditures	<u>55,000</u>	<u>62,042</u>	<u>(7,042)</u>
Net Change in Fund Balance	1,050	(6,060)	(7,110)
Fund Balance - Beginning	<u>7,507</u>	<u>7,507</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,557</u>	<u>\$ 1,447</u>	<u>\$ (7,110)</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, 2022

	<u>STATE HIGHWAY AID</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Investment income and rent	\$ 5,000	\$ 20,847	\$ 15,847
Intergovernmental revenue	<u>1,222,126</u>	<u>1,240,374</u>	<u>18,248</u>
Total Revenues	<u>1,227,126</u>	<u>1,261,221</u>	<u>34,095</u>
Expenditures			
Current:			
Public works	<u>1,455,800</u>	<u>970,963</u>	<u>484,837</u>
Total Expenditures	<u>1,455,800</u>	<u>970,963</u>	<u>484,837</u>
Net Change in Fund Balance	(228,674)	290,258	518,932
Fund Balance - Beginning	<u>809,888</u>	<u>809,888</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 581,214</u>	<u>\$ 1,100,146</u>	<u>\$ 518,932</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, 2022

	<u>DEBT SERVICE</u>		
	<u>Original and</u> <u>Final Budget</u>	<u>ACTUAL</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Property taxes	\$ 2,686,000	\$ 2,670,282	\$ (15,718)
Investment income and rent	8,000	19,474	11,474
Total Revenues	<u>2,694,000</u>	<u>2,689,756</u>	<u>(4,244)</u>
Expenditures			
Current:			
Debt service			
Principal	2,063,350	2,063,399	(49)
Interest	743,975	756,859	(12,884)
Paid to fiscal agent	2,500	1,560	940
Total Expenditures	<u>2,809,825</u>	<u>2,821,818</u>	<u>(11,993)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(115,825)</u>	<u>(132,062)</u>	<u>(16,237)</u>
Other Financing Sources (Uses)			
Transfers in	127,600	127,600	-
Total Other Financing Sources (Uses)	<u>127,600</u>	<u>127,600</u>	<u>-</u>
Net Change in Fund Balance	11,775	(4,462)	(16,237)
Fund Balance - Beginning	437,385	437,385	-
Fund Balance - Ending	<u>\$ 449,160</u>	<u>\$ 432,923</u>	<u>\$ (16,237)</u>

TOWNSHIP OF MIDDLETOWN

**PROPRIETARY FUNDS**

Proprietary funds are used to account operations:

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

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

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	<u>COUNTRY CLUB</u>		
	<u>Original and Final Budget</u>	<u>ACTUAL</u>	<u>Variance with Final Budget</u>
Operating Revenues			
Charges for services			
Licensing fees	\$ 36,756	\$ 38,922	\$ 2,166
Total Operating Revenues	<u>36,756</u>	<u>38,922</u>	<u>2,166</u>
 Operating Expenses			
Depreciation	<u>53,000</u>	<u>35,954</u>	<u>17,046</u>
Total Operating Expenses	<u>53,000</u>	<u>35,954</u>	<u>17,046</u>
 Operating Income (Loss)	<u>(16,244)</u>	<u>2,968</u>	<u>19,212</u>
 Nonoperating Revenues (Expense)			
Interest income	<u>1,500</u>	<u>3,128</u>	<u>1,628</u>
Total Nonoperating Revenues (Expense)	<u>1,500</u>	<u>3,128</u>	<u>1,628</u>
 Changes in Net Position	(14,744)	6,096	20,840
 Total Net Position - Beginning	<u>2,151,022</u>	<u>2,151,022</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 2,136,278</u>	<u>\$ 2,157,118</u>	<u>\$ 20,840</u>

TOWNSHIP OF MIDDLETOWN

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

For the Year Ended December 31, 2022

	FARM FUND		
	<u>Original and Final Budget</u>	<u>ACTUAL</u>	<u>Variance with Final Budget</u>
Operating Revenues			
Charges for services			
Licensing fees	\$ 59,800	\$ 56,121	\$ (3,679)
Rent	<u>8,400</u>	<u>8,400</u>	<u>-</u>
Total Operating Revenues	<u>68,200</u>	<u>64,521</u>	<u>(3,679)</u>
Operating Expenses			
Park and recreation	3,600	159	3,441
Depreciation	<u>-</u>	<u>8,968</u>	<u>(8,968)</u>
Total Operating Expenses	<u>3,600</u>	<u>9,127</u>	<u>(5,527)</u>
Operating Income (Loss)	<u>64,600</u>	<u>55,394</u>	<u>(9,206)</u>
Nonoperating Revenues (Expense)			
Interest income	<u>1,000</u>	<u>55,235</u>	<u>54,235</u>
Total Nonoperating Revenues (Expense)	<u>1,000</u>	<u>55,235</u>	<u>54,235</u>
Income (Loss) before Transfers	65,600	110,629	45,029
Transfers in	<u>-</u>	<u>149,364</u>	<u>149,364</u>
Changes in Net Position	65,600	259,993	194,393
Total Net Position - Beginning (Restated)	<u>2,427,817</u>	<u>2,427,817</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 2,493,417</u>	<u>\$ 2,687,810</u>	<u>\$ 194,393</u>

TOWNSHIP OF MIDDLETOWN

**FIDUCIARY FUNDS**

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

Pension Funds

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

Custodial Fund

The *Custodial* fund account for transactions on behalf of other organizations. There is only one fund.

TOWNSHIP OF MIDDLETOWN

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS - PENSION PLANS

December 31, 2022

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 4,046,288	\$ 617,893	\$ 4,664,181
Prepaid expenses	335,284	43,872	379,156
Receivables:			
Accrued interest	188,682	37,705	226,387
Other receivables	-	23,313	23,313
Total receivables	<u>188,682</u>	<u>61,018</u>	<u>249,700</u>
Investments, at fair value:			
U.S. government obligations	6,725,058	1,173,441	7,898,499
Government sponsored mortgages	736,270	160,244	896,514
Corporate obligations	5,246,870	924,467	6,171,337
Private placements	109,830	23,876	133,706
Municipal obligations	4,387,673	1,092,804	5,480,477
Asset backed and mortgages	2,764,097	560,375	3,324,472
Mutual funds-equity	4,030,799	-	4,030,799
Mutual funds-debt	1,252,667	237,683	1,490,350
Stock equities	22,622,022	4,809,879	27,431,901
International stock	440,425	94,197	534,622
Real estate securities	6,446	-	6,446
Total investments	<u>48,322,157</u>	<u>9,076,966</u>	<u>57,399,123</u>
Total Assets	<u>52,892,411</u>	<u>9,799,749</u>	<u>62,692,160</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	<u>23,313</u>	<u>88,152</u>	<u>111,465</u>
Total Liabilities	<u>23,313</u>	<u>88,152</u>	<u>111,465</u>
<b><u>NET POSITION</u></b>			
Net Position - Restricted for:			
Pension benefits	<u>52,869,098</u>	<u>9,711,597</u>	<u>62,580,695</u>
Total Net Position	<u>\$ 52,869,098</u>	<u>\$ 9,711,597</u>	<u>\$ 62,580,695</u>

TOWNSHIP OF MIDDLETOWN

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

FIDUCIARY FUNDS - PENSION PLANS

For the Year Ended December 31, 2022

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Total</u>
Additions			
Contributions			
Member contributions	\$ 397,908	\$ 179,641	\$ 577,549
Employer contributions	2,791,410	206,463	2,997,873
State aid	474,788	255,655	730,443
Total Contributions	<u>3,664,106</u>	<u>641,759</u>	<u>4,305,865</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	(8,243,136)	(2,036,884)	(10,280,020)
Interest and dividends	<u>1,097,299</u>	<u>544,744</u>	<u>1,642,043</u>
Total Investment Income	<u>(7,145,837)</u>	<u>(1,492,140)</u>	<u>(8,637,977)</u>
Less investment expense	<u>(259,654)</u>	<u>(55,727)</u>	<u>(315,381)</u>
Net Investment Income	<u>(7,405,491)</u>	<u>(1,547,867)</u>	<u>(8,953,358)</u>
Total Additions	<u>(3,741,385)</u>	<u>(906,108)</u>	<u>(4,647,493)</u>
Deductions			
Benefits	2,959,772	902,487	3,862,259
Administrative expenses	<u>13,685</u>	<u>10,000</u>	<u>23,685</u>
Total Deductions	<u>2,973,457</u>	<u>912,487</u>	<u>3,885,944</u>
Change in Net Position	(6,714,842)	(1,818,595)	(8,533,437)
Net Position - Restricted:			
Beginning of Year	<u>59,583,940</u>	<u>11,530,192</u>	<u>71,114,132</u>
End of Year	<u>\$ 52,869,098</u>	<u>\$ 9,711,597</u>	<u>\$ 62,580,695</u>

## **STATISTICAL SECTION**

TOWNSHIP OF MIDDLETOWN

**STATISTICAL SECTION**

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information that may assist the reader in assessing the governments' current financial performance by placing it in historical perspective.	109
<b>Revenue Capacity</b>	
These schedules contain information that may assist the reader in assessing the viability of the government's most significant local revenue sources.	115
<b>Debt Capacity</b>	
These schedules present information that may assist the reader in analyzing the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	120
<b>Economic &amp; Demographic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the government's financial activities take place.	124
<b>Operating Information</b>	
These schedules contain service and infrastructure indicators to help the reader understand how the information in the government's financial statements relates to the services the government provides and the activities it performs.	126

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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

(accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	Fiscal Year <u>2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 35,428,726	\$ 36,934,898	\$ 33,800,051	\$ 32,405,615	\$ 29,623,723	\$ 26,596,566	\$ 23,828,235	\$ 27,249,325	\$ 25,418,215	\$ 27,310,114
Restricted	3,699,654	2,625,455	2,711,797	2,078,243	1,662,743	1,577,538	-	2,988,968	5,261,567	1,564,188
Unrestricted	<u>34,823,939</u>	<u>32,062,682</u>	<u>35,567,301</u>	<u>44,438,250</u>	<u>45,213,728</u>	<u>47,439,877</u>	<u>43,866,202</u>	<u>32,178,421</u>	<u>37,233,398</u>	<u>36,083,354</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 73,952,319</u>	<u>\$ 71,623,035</u>	<u>\$ 72,079,149</u>	<u>\$ 78,922,108</u>	<u>\$ 76,500,194</u>	<u>\$ 75,613,981</u>	<u>\$ 67,694,437</u>	<u>\$ 62,416,714</u>	<u>\$ 67,913,180</u>	<u>\$ 64,957,656</u>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,536,643	\$ 4,492,440	\$ 4,353,969	\$ 4,411,404	\$ 4,472,154	\$ 4,533,441	\$ 4,587,669	\$ 4,583,797	\$ 4,584,428	\$ 4,603,195
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (Deficit)	<u>308,285</u>	<u>70,957</u>	<u>251,887</u>	<u>262,638</u>	<u>212,827</u>	<u>126,435</u>	<u>74,010</u>	<u>34,596</u>	<u>(11,157)</u>	<u>(50,773)</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 4,844,928</u>	<u>\$ 4,563,397</u>	<u>\$ 4,605,856</u>	<u>\$ 4,674,042</u>	<u>\$ 4,684,981</u>	<u>\$ 4,659,876</u>	<u>\$ 4,661,679</u>	<u>\$ 4,618,393</u>	<u>\$ 4,573,271</u>	<u>\$ 4,552,422</u>
<b>Primary Government</b>										
Invested in Capital Assets, Net of Related Debt	\$ 39,965,369	\$ 41,427,338	\$ 38,154,020	\$ 36,817,019	\$ 34,095,877	\$ 31,130,007	\$ 28,415,904	\$ 31,833,122	\$ 30,002,643	\$ 31,913,309
Restricted	3,699,654	2,625,455	2,711,797	2,078,243	1,662,743	1,577,538	-	2,988,968	5,261,567	1,564,188
Unrestricted	<u>35,132,224</u>	<u>32,133,639</u>	<u>35,819,188</u>	<u>44,700,888</u>	<u>45,426,555</u>	<u>47,566,312</u>	<u>43,940,212</u>	<u>32,213,017</u>	<u>37,222,241</u>	<u>36,032,581</u>
<b>Total Primary Governmental Net Position</b>	<u>\$ 78,797,247</u>	<u>\$ 76,186,432</u>	<u>\$ 76,685,005</u>	<u>\$ 83,596,150</u>	<u>\$ 81,185,175</u>	<u>\$ 80,273,857</u>	<u>\$ 72,356,116</u>	<u>\$ 67,035,107</u>	<u>\$ 72,486,451</u>	<u>\$ 69,510,078</u>

Source: Middletown Township Financial Statements

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

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

	2022	2021	2020	2019	2018	Fiscal Year 2017	2016	2015 (1)	2014	2013
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ 3,367,669	\$ 3,959,687	\$ 3,221,660	\$ 3,623,549	\$ 3,572,791	\$ 3,210,992	\$ 2,587,626	\$ 2,438,963	\$ 2,225,838	\$ 2,137,408
Public Safety	20,354,603	18,344,186	25,067,666	18,539,577	17,621,754	14,804,088	14,831,228	14,108,744	14,439,009	14,458,162
Public Works	10,848,278	10,210,647	8,180,772	7,978,282	6,294,955	7,133,831	7,160,207	6,827,774	7,037,369	6,731,336
Parks and Recreation	2,030,430	2,536,466	1,621,528	1,810,919	1,586,510	1,657,438	1,654,905	1,702,967	1,548,355	1,531,902
Miscellaneous	1,296,249	1,188,390	809,851	736,849	1,729,885	783,218	461,240	499,666	545,085	533,375
Interest on Long-Term Debt	361,681	355,405	554,642	270,896	655,904	745,549	675,204	756,506	642,361	661,242
Unallocated Depreciation Expense	<u>1,017,752</u>	<u>1,305,214</u>	<u>1,320,747</u>	<u>1,326,306</u>	<u>1,411,871</u>	<u>1,411,871</u>	<u>2,015,341</u>	<u>1,606,967</u>	<u>1,505,894</u>	<u>1,400,047</u>
<b>Total Governmental Activities Expense</b>	<b>\$ 39,276,662</b>	<b>\$ 37,899,995</b>	<b>\$ 40,776,866</b>	<b>\$ 34,286,378</b>	<b>\$ 32,873,670</b>	<b>\$ 29,746,987</b>	<b>\$ 29,385,751</b>	<b>\$ 27,941,587</b>	<b>\$ 27,943,911</b>	<b>\$ 27,453,472</b>
<b>Business-Type Activities</b>										
Proprietary Funds (combined)										
Country Club	\$ 35,954	\$ 48,049	\$ 188,924	\$ 88,129	\$ 52,319	\$ 52,653	\$ 66,596	\$ 117,966	\$ 132,830	\$ 139,416
Farm Fund	<u>9,127</u>	<u>62,558</u>	<u>16,074</u>	<u>12,928</u>	<u>9,893</u>	<u>28,823</u>	<u>15,775</u>	<u>16,524</u>	<u>26,756</u>	<u>22,115</u>
<b>Total Business-Type Activities Expenses</b>	<b>\$ 45,081</b>	<b>\$ 110,607</b>	<b>\$ 204,998</b>	<b>\$ 101,057</b>	<b>\$ 62,212</b>	<b>\$ 81,476</b>	<b>\$ 82,371</b>	<b>\$ 134,490</b>	<b>\$ 159,586</b>	<b>\$ 161,531</b>
<b>Total Primary Government Expenses</b>	<b>\$ 39,321,743</b>	<b>\$ 38,010,602</b>	<b>\$ 40,981,864</b>	<b>\$ 34,387,435</b>	<b>\$ 32,935,882</b>	<b>\$ 29,828,463</b>	<b>\$ 29,468,122</b>	<b>\$ 28,076,077</b>	<b>\$ 28,103,497</b>	<b>\$ 27,615,003</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Service										
General Government	\$ 1,197,646	\$ 1,207,328	\$ 1,242,603	\$ 1,221,640	\$ 1,254,790	\$ 1,300,998	\$ 1,309,286	\$ 1,206,141	\$ 1,172,293	\$ 1,156,671
Public Safety	4,694,413	2,326,920	1,353,973	2,018,866	2,091,087	1,843,514	2,032,447	2,246,331	2,289,733	2,015,858
Public Works	4,946,576	4,988,041	4,903,726	4,181,306	4,203,416	4,196,856	4,188,247	4,189,076	4,857,941	4,903,774
Parks and Recreation	419,636	287,752	156,961	462,648	420,153	377,025	340,001	338,152	295,655	271,754
Operating Grants and Contributions	5,097,280	2,745,995	2,718,105	2,857,017	2,559,634	2,505,896	2,309,100	2,122,112	2,001,065	2,153,603
Capital Grants and Contributions	<u>505,561</u>	<u>162,437</u>	<u>686,744</u>	<u>1,065,838</u>	<u>248,796</u>	<u>623,981</u>	<u>999,815</u>	<u>762,846</u>	<u>1,352,466</u>	<u>1,926,838</u>
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 16,861,112</b>	<b>\$ 11,718,473</b>	<b>\$ 11,062,112</b>	<b>\$ 11,807,315</b>	<b>\$ 10,777,876</b>	<b>\$ 10,848,270</b>	<b>\$ 11,178,896</b>	<b>\$ 10,864,658</b>	<b>\$ 11,969,153</b>	<b>\$ 12,428,498</b>
<b>Business-Type Activities</b>										
Charges for Services										
Proprietary Funds (combined)										
Country Club	\$ 38,922	\$ 36,756	\$ 49,006	\$ 36,756	\$ 36,756	\$ 25,604	\$ 125,888	\$ 201,138	\$ 201,259	\$ 203,105
Farm Fund	<u>64,521</u>	<u>30,533</u>	<u>48,400</u>	<u>48,400</u>	<u>40,000</u>	<u>45,984</u>	<u>10,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 103,443</b>	<b>\$ 67,289</b>	<b>\$ 97,406</b>	<b>\$ 85,156</b>	<b>\$ 76,756</b>	<b>\$ 71,588</b>	<b>\$ 135,888</b>	<b>\$ 241,138</b>	<b>\$ 241,259</b>	<b>\$ 243,105</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 16,964,555</b>	<b>\$ 11,785,762</b>	<b>\$ 11,159,518</b>	<b>\$ 11,892,471</b>	<b>\$ 10,854,632</b>	<b>\$ 10,919,858</b>	<b>\$ 11,314,784</b>	<b>\$ 11,105,796</b>	<b>\$ 12,210,412</b>	<b>\$ 12,671,603</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (22,415,550)	\$ (26,181,522)	\$ (29,714,754)	\$ (22,479,063)	\$ (22,095,794)	\$ (18,898,717)	\$ (18,206,855)	\$ (17,076,929)	\$ (15,974,758)	\$ (15,024,974)
Business-Type Activities	<u>58,362</u>	<u>(43,318)</u>	<u>(107,592)</u>	<u>(15,901)</u>	<u>14,544</u>	<u>(9,888)</u>	<u>53,517</u>	<u>106,648</u>	<u>81,673</u>	<u>81,574</u>
<b>Total Primary Government Net Expense</b>	<b>\$ (22,357,188)</b>	<b>\$ (26,224,840)</b>	<b>\$ (29,822,346)</b>	<b>\$ (22,494,964)</b>	<b>\$ (22,081,250)</b>	<b>\$ (18,908,605)</b>	<b>\$ (18,153,338)</b>	<b>\$ (16,970,281)</b>	<b>\$ (15,893,085)</b>	<b>\$ (14,943,400)</b>

(continued)

General Revenues and Other Changes in Net Position	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015 (2)	2014	2013
<b>Governmental Activities</b>										
Property Taxes	\$ 9,125,317	\$ 8,766,317	\$ 9,141,928	\$ 9,178,658	\$ 9,095,679	\$ 9,097,522	\$ 9,286,265	\$ 9,264,596	\$ 9,218,570	\$ 9,309,514
Earned Income Tax	10,238,441	9,198,305	7,910,977	8,701,147	7,103,427	8,753,759	7,727,374	6,783,852	4,080,744	-
Other Taxes	6,189,835	6,859,597	3,790,869	5,538,712	5,692,299	-	-	4,946,763	4,893,608	4,697,360
Investment Income and rents	(837,403)	866,284	1,601,713	2,079,183	986,755	637,245	659,084	174,227	655,107	104,391
Sale of Capital Assets	-	609	-	-	6,700	11,226	4,995	69,798	-	19,604
Miscellaneous	17,184	34,296	426,308	456,837	97,147	54,816	54,796	495,175	12,978	98,060
Special item-Capital assets from Private Purpose Trust	-	-	-	-	-	-	-	-	-	-
Transfers, net	(149,364)	-	-	-	-	-	19,363	15,370	69,275	69,275
Proceeds, from Debt Restructuring	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 24,584,010</b>	<b>\$ 25,725,408</b>	<b>\$ 22,871,795</b>	<b>\$ 25,954,537</b>	<b>\$ 22,982,007</b>	<b>\$ 18,554,568</b>	<b>\$ 17,751,877</b>	<b>\$ 21,749,781</b>	<b>\$ 18,930,282</b>	<b>\$ 14,298,204</b>
<b>Business-Type Activities</b>										
Investment Income and rents	\$ 58,363	\$ 859	\$ 1,703	\$ 13,362	\$ 10,561	\$ 8,085	\$ 9,132	\$ 7,749	\$ 8,451	\$ 6,352
Miscellaneous	-	-	37,703	-	-	-	-	-	-	-
Transfers, net	149,364	-	-	-	-	-	(19,363)	(69,275)	(69,275)	(69,275)
<b>Total Business-Type Activities</b>	<b>\$ 207,727</b>	<b>\$ 859</b>	<b>\$ 39,406</b>	<b>\$ 13,362</b>	<b>\$ 10,561</b>	<b>\$ 8,085</b>	<b>\$ (10,231)</b>	<b>\$ (61,526)</b>	<b>\$ (60,824)</b>	<b>\$ (62,923)</b>
<b>Total Primary Government General Revenues and Other</b>	<b>\$ 24,791,737</b>	<b>\$ 25,726,267</b>	<b>\$ 22,911,201</b>	<b>\$ 25,967,899</b>	<b>\$ 22,992,568</b>	<b>\$ 18,562,653</b>	<b>\$ 17,741,646</b>	<b>\$ 21,688,255</b>	<b>\$ 18,869,458</b>	<b>\$ 14,235,281</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,168,460	\$ (456,114)	\$ (6,842,959)	\$ 3,475,474	\$ 886,213	\$ (344,149)	\$ (454,978)	\$ 4,672,852	\$ 2,955,524	\$ (726,770)
Business-Type Activities	266,089	(42,459)	(68,186)	(2,539)	25,105	(1,803)	43,286	45,122	20,849	18,651
<b>Total Primary Government Change in Net Position</b>	<b>\$ 2,434,549</b>	<b>\$ (498,573)</b>	<b>\$ (6,911,145)</b>	<b>\$ 3,472,935</b>	<b>\$ 911,318</b>	<b>\$ (345,952)</b>	<b>\$ (411,692)</b>	<b>\$ 4,717,974</b>	<b>\$ 2,976,373</b>	<b>\$ (708,119)</b>

Source: Middletown Township Financial Statements

(1) GASB Statement No 68 was implemented in 2015

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

	2022	2021	2020	2019	2018	Fiscal Year 2017	2016	2015	2014	2013
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-spendable	162,718	-	-	11,951	45,458	138,734	7,343	34,252	23,301	-
Restricted	123,227	160,188	265,763	248,397	225,492	179,739	146,619	108,516	98,695	-
Committed	426,782	435,782	452,282	462,211	466,955	473,358	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	12,016,269	7,440,849	6,286,394	8,172,451	7,254,048	8,942,469	7,883,196	5,359,161	3,907,662	2,081,418
<b>Total General Fund</b>	<b>\$ 12,728,996</b>	<b>\$ 8,036,819</b>	<b>\$ 7,004,439</b>	<b>\$ 8,895,010</b>	<b>\$ 7,991,953</b>	<b>\$ 9,734,300</b>	<b>\$ 8,037,158</b>	<b>\$ 5,501,929</b>	<b>\$ 4,029,658</b>	<b>\$ 2,081,418</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-spendable	-	-	-	-	-	-	-	153,476	233,029	270,974
Restricted	3,576,427	2,465,267	2,487,652	1,868,569	1,478,081	1,397,799	1,729,234	2,880,452	5,162,872	1,564,188
Committed	410,281	503,205	663,799	683,065	623,862	39,485,092	39,374,415	39,298,484	39,222,508	39,275,872
Assigned	44,764,491	49,818,188	52,581,665	50,133,159	51,325,038	10,666,081	9,146,670	3,522,787	1,696,999	1,513,937
Unassigned	-	-	-	-	-	-	1,478	(224)	(11,809)	-
<b>Total all Other Governmental Funds</b>	<b>\$ 48,751,199</b>	<b>\$ 52,786,660</b>	<b>\$ 55,733,116</b>	<b>\$ 52,684,793</b>	<b>\$ 53,426,981</b>	<b>\$ 51,548,972</b>	<b>\$ 50,251,797</b>	<b>\$ 45,854,975</b>	<b>\$ 46,303,599</b>	<b>\$ 42,624,971</b>
<b>Total Governmental Funds</b>	<b>\$ 61,480,195</b>	<b>\$ 60,823,479</b>	<b>\$ 62,737,555</b>	<b>\$ 61,579,803</b>	<b>\$ 61,418,934</b>	<b>\$ 61,283,272</b>	<b>\$ 58,288,955</b>	<b>\$ 51,356,904</b>	<b>\$ 50,333,257</b>	<b>\$ 44,706,389</b>

Source: Middletown Township Financial Statements

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenue</b>										
Taxes (Non Earned Income Tax)	\$ 15,370,783	\$ 16,069,942	\$ 12,899,641	\$ 14,789,802	\$ 14,930,159	\$ 14,506,135	\$ 14,676,114	\$ 14,342,779	\$ 14,197,451	\$ 13,924,356
Earned Income Tax	9,632,441	9,082,305	8,116,977	8,415,147	7,998,427	8,349,759	7,612,374	6,783,852	4,080,744	-
Licenses and Permits	1,054,850	1,074,884	1,095,312	1,113,055	1,184,179	1,202,213	1,174,602	1,096,372	1,074,378	1,344,030
Fines and Forfeits	92,639	109,993	117,897	118,540	131,869	144,157	138,439	147,825	124,174	175,359
Interest and Rents	1,276,390	865,757	1,161,353	1,481,943	1,216,075	940,342	781,998	760,385	742,632	902,852
Intergovernmental Revenues	5,498,871	2,649,165	3,318,821	3,815,984	2,636,604	3,013,843	3,314,314	2,829,295	3,310,410	3,503,743
Charges for Services	10,055,151	7,569,354	6,388,526	6,596,709	6,597,887	6,316,616	6,525,032	6,735,503	7,417,070	6,827,850
Special Assessment	-	-	-	-	-	-	-	-	-	818
Contribution Private Source	7,587	78,400	66,050	12,176	12,404	55,660	19,208	55,497	68,155	576,698
Gain/(Loss) on Investments	(2,207,984)	(1,004,417)	440,056	597,640	(229,320)	(303,097)	(122,914)	(265,210)	(87,525)	(798,461)
Miscellaneous Revenues	113,567	215,162	446,287	354,483	256,569	115,190	62,097	131,790	12,978	98,060
<b>Total Revenues</b>	<b>\$ 40,894,295</b>	<b>\$ 36,710,545</b>	<b>\$ 34,050,920</b>	<b>\$ 37,295,479</b>	<b>\$ 34,734,853</b>	<b>\$ 34,340,818</b>	<b>\$ 34,181,264</b>	<b>\$ 32,618,088</b>	<b>\$ 30,940,467</b>	<b>\$ 26,555,305</b>
<b>Expenditures</b>										
General Government	\$ 2,663,959	\$ 2,592,692	\$ 2,718,371	\$ 2,867,434	\$ 2,479,540	\$ 2,392,815	\$ 2,375,974	\$ 2,301,468	\$ 2,012,237	\$ 1,948,999
Public Safety	19,327,696	18,498,390	18,025,948	17,281,031	16,259,206	14,572,966	14,333,335	13,965,246	13,577,125	13,278,438
Public Works	8,340,378	8,255,418	7,547,021	7,862,422	8,121,254	8,750,562	7,343,296	6,367,050	7,291,449	6,870,433
Parks and Recreation	1,559,792	1,465,936	1,192,850	1,450,940	1,313,849	1,299,553	1,302,579	1,294,579	1,354,995	1,334,010
Miscellaneous Expenditures	1,296,249	1,188,390	809,851	736,849	1,729,885	783,218	461,240	499,666	545,085	533,375
Capital Outlay/Development	4,312,143	4,157,179	2,806,864	4,031,784	2,085,391	2,122,519	2,159,501	4,582,602	3,749,117	2,094,767
Debt Service										
Principal	2,080,336	1,910,163	2,245,033	2,340,411	2,284,868	2,352,014	2,045,180	1,961,826	1,845,034	2,060,000
Interest	758,731	662,514	609,612	562,179	641,331	671,254	658,549	706,649	649,734	685,612
Other Charges	1,560	780	780	1,560	2,340	1,560	153,525	-	-	-
<b>Total Expenditures</b>	<b>\$ 40,340,844</b>	<b>\$ 38,731,462</b>	<b>\$ 35,956,330</b>	<b>\$ 37,134,610</b>	<b>\$ 34,917,664</b>	<b>\$ 32,946,461</b>	<b>\$ 30,833,179</b>	<b>\$ 31,679,086</b>	<b>\$ 31,024,776</b>	<b>\$ 28,805,634</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 553,451</b>	<b>\$ (2,020,917)</b>	<b>\$ (1,905,410)</b>	<b>\$ 160,869</b>	<b>\$ (182,811)</b>	<b>\$ 1,394,357</b>	<b>\$ 3,348,085</b>	<b>\$ 939,002</b>	<b>\$ (84,309)</b>	<b>\$ (2,250,329)</b>
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds	\$ -	\$ 6,260,000	\$ 13,895,000	\$ -	\$ -	\$ 1,116,648	\$ 9,490,000	\$ -	\$ 10,460,850	\$ -
Premium on Bond Issuance	-	1,157,232	1,612,345	-	-	-	505,056	-	371,694	-
Payment to Refunded Bonds Escrow Agent	-	(7,311,000)	(12,444,183)	-	-	-	(6,435,448)	-	(5,190,642)	-
Sale of Capital Assets	91,805	609	-	-	6,700	11,930	4,995	15,370	-	19,604
Issuance of Long Term Notes and Leases	-	-	-	-	311,773	-	-	-	-	-
Transfers In	2,925,092	1,459,500	157,200	159,600	2,500,000	2,557,731	2,099,063	2,822,775	221,975	1,522,275
Transfers Out	(3,074,456)	(1,459,500)	(157,200)	(159,600)	(2,500,000)	(2,557,731)	(2,079,700)	(2,753,500)	(152,700)	(1,453,000)
<b>Total other Financing Sources (Uses)</b>	<b>\$ (57,559)</b>	<b>\$ 106,841</b>	<b>\$ 3,063,162</b>	<b>\$ -</b>	<b>\$ 318,473</b>	<b>\$ 1,128,578</b>	<b>\$ 3,583,966</b>	<b>\$ 84,645</b>	<b>\$ 5,711,177</b>	<b>\$ 88,879</b>
<b>Net Change in Fund Balances</b>	<b>\$ 495,892</b>	<b>\$ (1,914,076)</b>	<b>\$ 1,157,752</b>	<b>\$ 160,869</b>	<b>\$ 135,662</b>	<b>\$ 2,522,935</b>	<b>\$ 6,932,051</b>	<b>\$ 1,023,647</b>	<b>\$ 5,626,868</b>	<b>\$ (2,161,450)</b>
<b>Debt Service as a Percentage of Non Capital Expenditures</b>	<b>7.42%</b>	<b>7.06%</b>	<b>8.50%</b>	<b>8.49%</b>	<b>9.12%</b>	<b>9.99%</b>	<b>9.92%</b>	<b>9.37%</b>	<b>8.80%</b>	<b>10.46%</b>

Source: Middletown Township Financial Statements

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

Year	Property Taxes	Earned Income Tax	Amusement Tax	Local Services Tax	Mercantile Tax	Real Estate Transfer Tax	Parking Tax	Per Capita Tax	Mechanical Device Tax	Total
2022	9,180,948	9,632,441	1,329,079	1,037,724	1,184,286	2,108,274	345,092	141,360	44,020	\$ 25,003,224
2021	9,210,345	9,082,305	1,509,645	1,019,829	1,265,203	2,591,620	278,048	149,262	45,990	\$ 25,152,247
2020	9,108,772	8,116,977	282,161	1,036,728	861,211	1,361,075	55,343	141,816	52,535	21,016,618
2019	9,251,090	8,415,147	1,460,447	1,059,490	1,154,769	1,346,119	320,961	147,446	49,480	23,204,949
2018	9,237,860	7,998,427	1,364,243	1,111,139	1,158,235	1,568,242	327,151	131,509	31,780	22,928,586
2017	9,170,653	8,349,759	1,333,653	1,091,284	1,177,552	1,334,379	227,193	138,561	32,860	22,855,894
2016	9,302,240	7,612,374	1,447,720	1,129,355	1,046,011	1,258,149	312,160	146,119	34,360	22,288,488
2015	9,291,064	6,783,852	1,379,123	983,936	1,116,110	1,137,327	260,992	139,627	34,600	21,126,631
2014	9,271,101	4,080,744	1,321,125	1,106,985	1,024,321	1,035,953	226,091	142,633	36,500	18,245,453
2013	9,226,996	-	1,265,984	1,038,831	1,032,229	960,778	214,177	146,035	39,326	13,924,356

Source: Middletown Township Financial Statements

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

Year	Real Property Assessed Value (1)	Less: Tax Exempt Property	Total Taxable Assessed Value (2)	Estimated Actual Values of Real Property	Ratio of Total Assesed Value to Total Estimated Actual Value (2)	Middletown Township Municipal Millage Rate
2022	612,288,999	84,534,309	527,754,690	6,038,353,044	10.14%	17.57
2021	612,150,395	84,547,995	527,602,400	5,590,414,568	10.95%	17.57
2020	611,423,961	84,528,261	527,801,070	5,439,714,959	11.24%	17.57
2019	616,489,017	84,992,107	530,697,360	6,077,882,204	10.13%	17.57
2018	618,174,570	87,427,210	531,237,950	6,746,621,156	9.17%	17.57
2017	618,097,790	86,610,530	531,487,260	5,670,621,927	10.90%	17.57
2016	617,101,220	86,559,600	530,541,620	5,342,867,706	11.55%	17.57
2015	616,397,560	86,323,950	530,073,610	6,964,944,181	8.85%	17.57
2014	613,100,780	85,434,250	527,666,530	6,620,958,747	9.26%	17.57
2013	613,224,920	85,640,790	527,584,130	6,746,148,735	9.09%	17.57

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

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

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

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

Year	Direct Rates			Overlapping Rates			Total	
	Township of Middletown			Bucks County, PA			Neshaminy School District	Direct & Overlapping Millage Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage	Total County Millage	Total Millage	
2022	12.42500	5.14500	17.57000	19.78820	5.66180	25.45000	171.23000	214.25000
2021	12.42500	5.14500	17.57000	19.78820	5.66180	25.45000	165.60000	208.62000
2020	12.42500	5.14500	17.57000	19.08960	5.36040	24.45000	163.10000	205.12000
2019	12.42500	5.14500	17.57000	19.08960	5.36040	24.45000	163.10000	205.12000
2018	12.42500	5.14500	17.57000	19.08960	5.36040	24.45000	159.50000	201.52000
2017	12.42500	5.14500	17.57000	19.53150	4.91850	24.45000	155.80000	197.82000
2016	12.42500	5.14500	17.57000	17.84870	5.35130	23.20000	152.00000	192.77000
2015	12.42500	5.14500	17.57000	18.32020	4.87980	23.20000	152.00000	192.77000
2014	12.12500	5.44500	17.57000	18.29750	4.90250	23.20000	152.00000	192.77000
2013	12.12500	5.44500	17.57000	18.79630	4.40370	23.20000	152.00000	192.77000

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

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

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

Taxpayer	Type of Business	December 31, 2022			December 31, 2013		
		Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (3)
McStome, Inc. (Kravco)	Commercial Development	6,906,640	1	1.31%	19,574,660	1	3.70%
800 (Eight) Trenton Assoc LP	Apartment Complex	4,368,800	2	0.83%	4,368,800	3	0.83%
Harper's Crossing Owner LLC (Jefferson Woods)	Residential Community	4,157,100	3	0.79%	4,157,100	4	0.79%
Shoppes at Flowers Mills	Shopping Center	2,731,320	4	0.52%	3,631,820	5	0.69%
Paramount Plaza at Lincoln LLC	Shopping Center	2,599,030	5	0.49%			
Guttman (Langhorne Square Shopping Center)	Shopping Center	2,331,110	6	0.44%	2,331,110	10	0.44%
Summit Trace Apart LP	Shopping Center	2,029,280	7	0.38%			
Heathergate Assoc LTD Part	Realty Services	2,017,170	8	0.38%			
Home Prop Racquet Club E LLC	Apartment Complex	1,924,400	9	0.36%			
St. Mary Medical Center Healthcare	Healthcare	1,916,340	10	0.36%	3,232,800	6	0.61%

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

(2) Information provided by Bucks County, PA Real Estate Assessment Roll. Total Assessed Valuation is \$527,754,690

(3) Information obtain from Middletown Township 2013 CAFR. Total Assessed Valuation is \$527,584,130

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

Year	Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	9,272,650	\$ 9,111,699	98.26%	69,249	\$ 9,180,948	99.01%
2021	9,269,974	\$ 9,115,621	98.33%	94,724	\$ 9,210,345	99.36%
2020	9,273,465	\$ 9,026,837	97.34%	81,935	\$ 9,108,772	98.22%
2019	9,338,401	\$ 9,162,825	98.12%	88,265	\$ 9,251,090	99.07%
2018	9,325,231	\$ 9,119,887	97.80%	117,973	\$ 9,237,860	99.06%
2017	9,338,231	\$ 9,062,316	97.05%	108,337	\$ 9,170,653	98.21%
2016	9,321,616	\$ 9,182,845	98.51%	119,395	\$ 9,302,240	99.79%
2015	9,313,393	\$ 9,291,064	99.76%	-	\$ 9,291,064	99.76%
2014	9,271,101	\$ 9,194,965	99.18%	76,136	\$ 9,271,101	100.00%
2013	9,269,653	\$ 9,095,073	98.12%	131,923	\$ 9,226,996	99.54%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 61,228,900	\$ 61,247,229	\$ 61,232,933	\$ 61,568,947	\$ 61,892,412	\$ 61,809,779	\$ 61,710,122	\$ 61,639,756	\$ 613,100,778	\$ 61,322,492
Total Net Debt Applicable to Limit	<u>15,327,923</u>	<u>17,287,385</u>	<u>19,744,155</u>	<u>20,346,399</u>	<u>22,545,909</u>	<u>24,883,585</u>	<u>27,299,228</u>	<u>24,578,721</u>	<u>26,564,333</u>	<u>24,008,367</u>
Legal Debt Margin	<u>\$ 45,900,977</u>	<u>\$ 43,959,844</u>	<u>\$ 41,488,778</u>	<u>\$ 41,222,548</u>	<u>\$ 39,346,503</u>	<u>\$ 36,926,194</u>	<u>\$ 34,410,894</u>	<u>\$ 37,061,035</u>	<u>\$ 586,536,445</u>	<u>\$ 37,314,125</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.03%	28.23%	32.24%	33.05%	36.43%	40.26%	44.24%	39.87%	4.33%	39.15%

Legal Debt Margin Calculation

Assessed Value	\$ 527,754,690
Add Back: Exempt Real Property	<u>84,534,309</u>
Total Assessed Value	<u>\$ 612,288,999</u>
Debt Limit (10% of Total Assessed Value)	\$ 61,228,900
Debt Applicable to Limit	
General Obligation Bonds	\$ 14,895,000
Less: Amount set aside for repayment of General Obligation Debt	<u>\$ (432,923)</u>
Total Net Debt Applicable to Limit	<u>\$ 15,327,923</u>
Legal Debt Margin	<u>\$ 45,900,977</u>

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

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

Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Term Loan			
2022	\$ 16,850,236	\$ 654,183	\$ 17,849		\$ 17,522,268	0.86%	\$ 382
2021	19,131,790	762,581	34,788		19,929,159	1.00%	\$ 433
2020	21,372,510	867,872	59,722		22,300,104	1.11%	484
2019	20,719,065	969,984	87,580	-	21,776,629	1.32%	479
2018	22,989,824	1,293,889	117,998	-	24,401,711	1.48%	537
2017	25,185,583	1,289,982	-	-	26,475,565	1.60%	583
2016	27,355,867	465,348	-	-	27,821,215	1.68%	612
2015	25,700,766	555,529	-	73,615	26,329,910	1.59%	580
2014	27,669,635	615,816	-	149,448	28,434,899	1.67%	626
2013	24,447,431		-	220,875	24,668,306	1.52%	542

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

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

Year	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund (2)	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2022	\$ 16,850,236	\$ 432,923	\$ 16,417,313	0.27%	358
2021	19,131,790	437,385	18,694,405	0.33%	406
2020	21,372,510	144,155	21,228,355	0.39%	467
2019	20,719,065	171,399	20,547,666	0.34%	452
2018	22,989,824	200,909	22,788,915	0.34%	502
2017	25,185,583	443,585	24,741,998	0.44%	545
2016	27,355,867	799,228	26,556,639	0.50%	584
2015	25,700,766	1,209,796	24,490,970	0.35%	541
2014	27,669,635	650,667	27,018,968	0.42%	611
2013	24,447,431	251,633	24,195,798	0.36%	537

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

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

TOWNSHIP OF MIDDLETOWN  
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 DECEMBER 31, 2022

Government Unit	Gross Outstanding Debt	Percentage Applicable to Middletown Township	Amount Applicable to Middletown Township
Township of Middletown (1)	\$ 17,522,268	100.00%	\$ 17,522,268
Neshaminy School District (2)	\$ 165,320,000	67.51%	\$ 111,607,532
Bucks County (3)	<u>\$ 203,223,200</u>	63.27%	<u>128,580,759</u>
Sub-Total Overlapping Debt	\$ 368,543,200		\$ 240,188,291
Total	\$ 386,065,468		\$ 257,710,559

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

Sources:

- (1) Township of Middletown Records
- (2) Neshaminy School District
- (3) County of Bucks
- (4) Proportion share of Bucks County's existing debt as of December 31, 2022 based on ratio of Middletown Township's assessed valuation (see Schedule 5) to Bucks County's 2022 assessed valuation of \$8,415,555,960 (source, Bucks County Assessments). Percentage is found by taking the total taxable assessed value/assessed valuation

TOWNSHIP OF MIDDLETOWN  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

Year	Population (1)	Personal Income (thousand of dollars)	Per Capita Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2022	45,903	2,044,290	44,535	42.9	8,991	3.50%
2021	46,040	2,002,141	43,487	43.3	8,742	3.60%
2020	45,436	1,653,461	36,391	42.5	9,037	3.80%
2019	45,436	1,653,461	36,391	42.5	9,037	3.80%
2018	45,436	1,653,461	36,391	42.5	8,826	3.80%
2017	45,436	1,653,461	36,391	42.5	8,718	4.20%
2016	45,436	1,653,461	36,391	42.5	8,562	4.50%
2015	45,438	1,698,745	37,386	43.1	8,456	4.50%
2014	45,479	1,624,292	35,716	42.6	8,413	4.80%
2013	45,436	1,600,074	35,216	42.6	8,356	5.80%

Sources

(1) American Fact Finder, 2013-20 American Community Survey, and US Census Bureau (2020 and after)

(2) Neshaminy School District

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

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

Employer	Type of Business	December 31, 2022 (1)			December 31, 2013		
		Employees	Rank	Percentage of Total Township Employment (2)	Employees	Rank	Percentage of Total Township Employment (3)
St Mary Medical Center	Hospital	1,907	1	7.48%	2,731	1	11.06%
Neshaminy School District	Education	1,122	2	4.40%	1,129	4	4.57%
Woods Services, Inc.	Education	1,033	3	4.05%	1,602	2	6.49%
SeaWorld Parks & Entertainment	Entertainment/Theme Park	785	4	3.08%	1,269	3	
Giant Food Stores LLC	Retail	621	5	2.44%			
Pennswood Village	Retirement Community	365	6	1.43%	408	5	1.65%
George School	Education	319	7	1.25%			
Langhorne Physician Services	Healthcare	307	8	1.20%			
Bluepearl Vet	Veterinarian	299	9	1.17%			
Target Corporation	Retail	269	10	1.05%			
<b>Total</b>		<b>7,027</b>		<b>18.41%</b>	<b>7,139</b>		<b>28.90%</b>

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

(2/3) Commonwealth of PA, Department of Labor & Industry, Total Middletown Township Civilian Labor Force is 25,500 (2022) and 24,700 (2004)

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

	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General Government</b>										
Administration	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance	4.5	4.5	4.5	5.0	4.5	5.0	5.0	5.0	5.0	5.0
Personal	-	-	-	-	-	-	1.0	1.0	1.0	1.0
<b>Police</b>										
Police Officers	59.0	59.0	59.0	59.0	59.0	57.0	56.0	54.0	51.0	51.0
Police Civilians (1)	17.5	17.5	17.5	17.5	15.5	15.5	13.0	13.0	16.0	16.0
<b>Public Works</b>										
Administration	1.0	1.0	1.5	2.5	2.5	2.0	2.5	2.5	3.0	3.0
Maintenance/Labor	21.5	21.0	20.0	15.5	16.5	15.5	12.5	12.5	12.0	11.0
Summer/Seasonal	3.5	3.5	2.0	5.0	5.0	4.0	3.0	3.0	3.0	4.0
<b>Community Services</b>										
Administration	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Custodial/Labor (2)	-	-	-	-	-	-	-	-	-	-
<b>Emergency Services</b>										
Officers/Inspectors (3)	6.00	6.00	5.50	8.50	7.75	4.5	3.0	3.0	3.0	3.0
Administration	-	-	-	-	-	1.0	2.0	2.0	2.0	2.0
<b>Parks &amp; Recreation</b>										
Administration	4.0	4.0	4.0	4.5	4.5	3.5	3.0	3.0	4.0	4.0
Summer Rec/Seasonal	21.5	21.5	12.5	23.0	23.0	22.5	22.0	22.0	24.0	24.5
Misc. Program Facilitators	4.0	4.0	4.0	4.0	4.0	6.0	8.0	8.0	8.0	6.0
<b>Licenses, Inspections &amp; Zoning</b>	<u>9.0</u>	<u>9.0</u>	<u>8.0</u>	<u>8.0</u>	<u>7.0</u>	<u>7.0</u>	<u>5.0</u>	<u>5.0</u>	<u>7.0</u>	<u>7.0</u>
<b>Totals</b>	<u>156.50</u>	<u>156.00</u>	<u>143.50</u>	<u>157.50</u>	<u>153.25</u>	<u>147.5</u>	<u>141.0</u>	<u>139.0</u>	<u>144.0</u>	<u>142.5</u>

Source: Middletown Township Department Records  
Method: Using 1.0 for each full time employee and 0.50 for each part-time and seasonal employee

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

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

<u>Function/Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	Fiscal Year <u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Emergency Services</b>										
Emergency Fire Calls	598	1,376	2,123	988	1,468	1,468	2,000	2,000	2,000	1,000
Business/Industrial/Residential Fires	22	23	20	24	35	38	24	29	24	12
Fire Investigations Conducted	43	30	46	112	368	368	917	342	917	193
Hazardous Materials/Petroleum Spill Calls	13	6	22	3	48	48	42	51	42	46
Mechanical Inspections Conducted	270	383	293	150	278	278	250	312	250	242
Fire Safety Inspections Conducted	4,245	1,641	370	7,726	1,949	1,949	1,825	1,911	1,825	1,604
COVID Decontamination		-	1,003							
COVID Modified Inspections		-	1,180							
<b>General Government</b>										
Building Inspections Conducted	1,104	1,167	681	1,438	1,080	940	1,223	1,426	3,008	2,678
Plumbing Inspections Conducted	482	412	266	241	600	550	498	629	758	595
Building Permits Issued	587	640	556	444	536	467	574	628	810	880
Plumbing Permits Issued	328	300	246	249	340	278	266	312	395	310
Electrical Permits Issued	518	552	466	461	625	490	547	421	482	370
Residential Value of Construction/Issued Permits	9,526,239	13,248,019	6,986,118	23,507,509	9,700,000	10,000,000	6,319,299	13,131,173	13,822,476	12,303,222
Commercial Value of Construction/Issued Permits	146,461,740	35,323,509	6,704,917	1,839,251	1,200,000	13,000,000	17,316,835	22,327,057	21,928,028	53,381,440
<b>Parks &amp; Recreation</b>										
Recreation Program Participants	16,973	5,713	4,473	16,848	13,664	12,564	12,949	15,531	15,800	15,822
Program Sessions Offered	295	158	243	355	316	363	345	356	380	378
<b>Police</b>										
Criminal Arrests	953	661	542	831	761	914	1,073	1,071	918	535
Traffic Citations	1,966	2,150	3,189	3,637	3,091	3,697	2,952	3,677	2,713	1,015
Accident Reports	1,254	1,287	1,265	1,697	1,775	1,787	1,718	1,740	1,761	1,789
Parking Violations	19	25	28	104	177	120	194	407	105	71
Animal Control Cases Investigated	211	416	332	464	304	146	491	418	549	507
Animal Control Warnings Issued	68	56	167	142	80	74	25	16	35	25
Animal Control Prosecutions Instituted	31	30	35	39	27	23	16	13	21	13
<b>Public Works</b>										
Roads Resurfaced (linear feet)	20,328	28,248	20,698	18,195	36,000	47,520	48,500	61,900	19,483	5,270
Trees Removed/Trimmed	130	109	261	125	75	133	409	96	156	297
Signs Repaired/Installed	122	94	69	100	82	129	235	234	103	95
Drainage/Storm Drains Unclogged	38	48	24	65	38	66	79	77	72	56
Potholes Repaired	579	475	191	420	653	603	540	1,712	2,228	647
Sinkholes Repaired	21	13	11	21	11	20	25	40	32	84

Source: Middletown Township Department Records

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Emergency Services</b>										
Fire Stations	6	6	6	6	6	6	6	6	6	6
Vehicle Units	31	31	31	31	31	31	31	31	31	31
<b>General Government</b>										
Square Footage Occupied	56,122	56,122	56,122	56,122	56,122	56,122	56,122	56,122	56,122	56,122
Inspection Vehicles	2	2	2	2	2	2	2	2	2	2
Other Departmental Vehicles	2	2	2	2	2	1	1	1	1	1
<b>Parks &amp; Recreation</b>										
Number of Recreation Facilities	19	19	19	19	19	19	19	19	19	19
Acreage of Park Land	142	142	142	142	142	142	142	142	142	142
Acreage of Greenbelts/Open Space	529	529	529	529	529	529	529	529	529	529
<b>Police</b>										
Stations	2	2	2	1	1	1	1	1	1	1
Patrol Units	58	58	52	50	47	47	45	45	46	46
Trained Canines	5	5	5	4	4	4	4	4	4	4
<b>Public Works</b>										
Municipal Street (Lane Miles)	137.77	137.77	137.77	137.77	137.77	137.77	137.77	137.77	137.77	137.77
Streetlights	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Public Service Vehicles	34	34	34	26	25	24	24	24	24	24
Off-Road Equipment	8	8	8	8	8	7	7	7	7	7
Office Garage Complex	2	2	2	2	2	2	2	2	2	2
Salt Storage Buildings	1	1	1	1	1	1	1	1	1	1

Source: Middletown Township Department Records