

TOWNSHIP OF HANOVER
NORTHAMPTON COUNTY, PENNSYLVANIA



**FINANCIAL STATEMENTS
AND AUDITORS' REPORTS**

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015





TOWNSHIP OF HANOVER

CONTENTS

AUDITORS' REPORTS

INDEPENDENT AUDITORS' REPORT	1-3
-------------------------------------	-----

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	4-5
---	-----

MANAGEMENT'S DISCUSSION AND ANALYSIS	6-15
---	------

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Position – Modified Cash Basis	16
Statement of Activities – Modified Cash Basis	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Reconciliation of the Statement of Revenue, Expenditure and Changes in Fund Balance to the Statement of Activities	19

FINANCIAL STATEMENTS

Statements of Assets, Liabilities and Fund Equity - Cash Basis - Governmental Fund Types	20
Statements of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - Governmental Fund Types	21
Statements of Net Assets - Cash Basis - Fiduciary Fund Types	22
Statements of Changes in Net Assets - Cash Basis - Fiduciary Fund Types	23

NOTES TO FINANCIAL STATEMENTS	24-40
--------------------------------------	-------

BUDGETARY STATEMENTS	41-43
-----------------------------	-------

COMBINING STATEMENTS	44-47
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TODD J. BUSHTA, CPA

C E R T I F I E D P U B L I C A C C O U N T A N T

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Township of Hanover, Northampton County, Pennsylvania**, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Township's 2014 financial statements and in our report dated March 31, 2016, we expressed unmodified (Modified Cash Basis) opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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OPINIONS

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

EMPHASIS OF MATTER

As discussed in Note 1, The Township of Hanover prepares its financial statements on a modified cash and cash basis of accounting, which are a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with U.S. generally accepted accounting principles.

OTHER MATTERS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing 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.

OTHER 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 non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2016, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Bushta & Company

BETHLEHEM, PENNSYLVANIA

MARCH 31, 2016



TODD J. BUSHTA, CPA

C E R T I F I E D P U B L I C A C C O U N T A N T

TOWNSHIP OF HANOVER, NORTHAMPTON COUNTY

INDEPENDENT AUDITORS' REPORT on INTERNAL CONTROL over FINANCIAL REPORTING and on COMPLIANCE and OTHER MATTERS BASED on an AUDIT of FINANCIAL STATEMENTS PERFORMED in ACCORDANCE with GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Township of Hanover, Northampton County, Pennsylvania** as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Township's basic financial statements and have issued our report thereon dated March 31, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A **deficiency** in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A **material weakness** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bushta & Company

BETHLEHEM, PENNSYLVANIA

MARCH 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

The discussion and analysis of Township of Hanover's financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.



Township of Hanover, Northampton County, was incorporated in 1798. The Township of the Second Class operates under an elected Board of Supervisors, and provides the following services to its residents: public safety, highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

FINANCIAL HIGHLIGHTS

Key government-wide financial highlights for 2015 are as follows:

- In total, net position were \$30,878,691 at the end of the year.
- General revenues accounted for \$5,820,194 in 2015 or 54% of all revenues.
- Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,190,202 or 46% of total revenues of \$11,010,396.
- Total assets of governmental activities were \$30,878,691 of which \$5,636,686 represents unrestricted cash and investments.
- Fixed assets, net of accumulated depreciation, were \$14,617,624.
- The Township had \$7,674,472 in expenses, only \$5,190,202 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$5,820,194 were adequate to provide for these programs.
- Expenses, after program revenue was \$2,484,270 for the year.
- Federal and state intergovernmental revenues were \$1,340,427 which includes allocations from the Commonwealth for pension funding and liquid fuels tax.
- Real Estate Tax millage was unchanged from previous years at 3.90 mills, which includes a 0.5 mill tax for fire protection services.

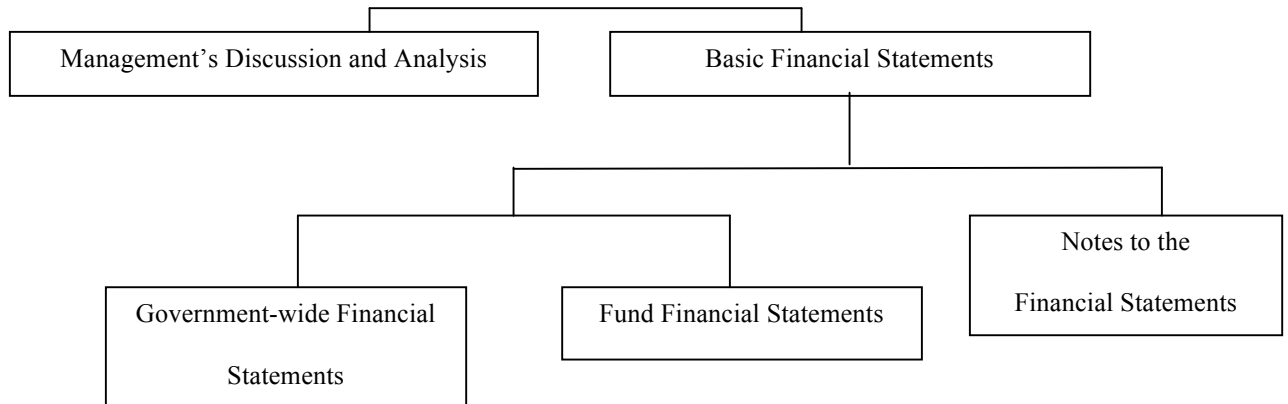
TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS REPORT (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Township of Hanover as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.



The Statement of Net Position and Statement of Activities provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other non-major funds. In the case of Township of Hanover, the General Fund is by far the most significant fund.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Township to provide programs and activities, the view of the Township as a whole looks at all financial transactions and asks the question, ***“How did we do financially during the year?”*** The Statement of Net Position and the Statement of Activities answer this question. The basis of accounting is that of modified cash. Which means, the financial information is reported on the cash basis and also include outstanding debt and fixed assets.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and the Statement of Activities (continued)

These two statements report the Township's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the Township as a whole, the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Township's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility condition, required public works and public safety activities, and other factors.

In the Statement of Net Position and the Statement of Activities, the Township reports governmental activities. Governmental activities are the activities where most of the Township's programs and services are reported including, but not limited to, general government, public works, public safety, and recreation.

Table 1 provides a summary of the Township's Net Position:

Table 1

Net Position

	2015	2014	2013	2012	2011
Assets					
Current and Other Assets	\$ 16,261,067	\$ 13,980,951	\$ 12,866,933	\$ 11,801,688	\$ 11,710,339
Capital Assets,					
Net of accumulated depreciation	<u>14,617,624</u>	<u>14,316,764</u>	<u>13,991,724</u>	<u>13,900,074</u>	<u>13,438,757</u>
	<u>30,878,691</u>	<u>28,297,715</u>	<u>26,858,657</u>	<u>25,701,762</u>	<u>25,149,096</u>
Liabilities					
Current Liabilities	0	424,000	408,000	394,000	380,000
Long-Term Liabilities	<u>0</u>	<u>330,948</u>	<u>1,078,948</u>	<u>1,486,948</u>	<u>1,880,948</u>
	<u>0</u>	<u>754,948</u>	<u>1,486,948</u>	<u>1,880,948</u>	<u>2,260,948</u>
Net Position					
Invested in Capital Assets, Net of Debt	14,617,624	13,561,816	12,504,776	12,019,126	11,177,809
Restricted	13,148,410	10,237,643	8,846,665	7,848,682	7,151,321
Unrestricted	<u>3,112,657</u>	<u>3,743,308</u>	<u>4,020,268</u>	<u>3,953,006</u>	<u>4,559,018</u>
	<u>\$ 30,878,691</u>	<u>\$ 27,542,767</u>	<u>\$ 25,371,709</u>	<u>\$ 23,820,814</u>	<u>\$ 22,888,148</u>

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

Unrestricted Net Position, the part of Net Position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, decreased by \$630,651. You will note that the majority of the Township's Net Position are "locked up" in fixed assets and restricted uses.

Table 2 provides a summary of the Township's statement of activities:

Table 2
Statement of Activities

	2015	2014	2013	2012	2011
Program Revenues					
Charges for Services	\$ 3,849,775	\$ 2,580,989	\$ 2,757,695	\$ 2,682,568	\$ 3,123,447
Operating Grants and Contributions	1,340,427	2,151,499	1,733,058	1,048,799	701,581
Capital Grants and Contributions	0	0	0	0	179,000
General Revenues					
Taxes	5,802,710	5,625,816	5,595,698	5,090,316	5,284,650
Investment Earnings	<u>17,484</u>	<u>10,851</u>	<u>12,980</u>	<u>19,154</u>	<u>31,709</u>
Total Revenues	<u>11,010,396</u>	<u>10,369,155</u>	<u>10,099,431</u>	<u>8,840,837</u>	<u>9,320,387</u>
Program Expenses					
General Government	1,044,969	1,060,862	936,706	1,117,778	974,898
Public Safety	2,280,648	2,566,111	2,150,769	2,318,199	2,115,809
Public Works	2,499,428	2,361,520	2,549,632	2,013,786	2,488,093
Cultural and Recreation	682,928	834,189	1,136,483	1,147,055	985,236
Other	953,066	841,385	1,074,132	1,010,841	1,228,493
Interest on Long-Term Debt	5,512	42,550	53,893	75,579	103,586
Unallocated Depreciation	<u>207,921</u>	<u>191,907</u>	<u>207,921</u>	<u>223,933</u>	<u>239,945</u>
Total Expenses	<u>7,674,472</u>	<u>7,898,526</u>	<u>8,109,536</u>	<u>7,907,171</u>	<u>8,136,060</u>
Increase in Net Position	<u>\$ 3,335,924</u>	<u>\$ 2,470,629</u>	<u>\$ 1,989,895</u>	<u>\$ 933,666</u>	<u>\$ 1,184,327</u>

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

Table 3 Net Cost of Services

	2015	2014	2013	2012	2011
General Government	\$ 1,392,412	\$ 901,351	\$ 907,525	\$ 159,444	\$ 154,239
Public Safety	(1,907,868)	(1,745,267)	(1,481,224)	(1,804,995)	(1,724,255)
Public Works	(698,347)	(980,746)	(1,182,382)	(701,056)	(634,029)
Cultural and Recreation	(103,968)	(265,532)	(527,227)	(518,844)	(385,963)
Other	(953,066)	(841,385)	(1,073,661)	(1,010,841)	(1,198,493)
Interest on Long-Term Debt	(5,512)	(42,550)	(53,893)	(75,579)	(103,586)
Unallocated Depreciation	(207,921)	(191,909)	(207,921)	(223,933)	(239,945)
	<u>\$ (2,484,270)</u>	<u>\$ (3,166,038)</u>	<u>\$ (3,618,783)</u>	<u>\$ (4,175,804)</u>	<u>\$ (4,132,032)</u>

Defining the Classifications of Expenditure:

- General Government activities includes the activities of the legislative board of Supervisors, the Office of Township Manager, financial administration, legal counsel, insurance, and physical plant.
- Public Safety activities includes police protection, code enforcement, fire protection, and planning.
- Public Works includes general services, servicing of streets and storm sewers, snow and ice removal, and maintenance of public facilities.
- Cultural and Recreation includes the community center, library, parks, and special events.
- Other includes insurance and employee benefits
- Interest on long-term debt and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the Township.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

Governmental Activities

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 54% for 2015. The community, as a whole, is the primary support for the Township of Hanover. The real estate taxes for the Township are collected from Township residents. The tax on real estate, as levied by the Board. Taxable assessed valuation is \$ 521,090,250 as of December 2015 at 3.9 mills (\$3.90 per \$1,000 of assessed valuation), 3.4 mills for general purposes and 0.5 mills for fire protection. Assessed valuations of property are determined by Northampton County and the collectors are responsible for collection.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds.

Governmental Funds

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called cash basis, which measures cash receipts and disbursements. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Governmental Activities

The following are the Township's governmental funds:

General Fund (Major Fund)

The general fund is the operating fund of the Township and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of The Commonwealth.

Capital Projects Funds (Major Fund) account for financial resources to be used for the acquisition or construction of certain major capital facilities which are not financed by the Proprietary and General Funds.

Special Revenue Fund (Non-major Fund)

The Special Revenue Fund accounts for specific revenue sources which are legally restricted to expenditures for specified purposes. The Township accounts for the liquid fuels tax and fire tax in this fund.

Debt Service Fund (Non-major Fund)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations.

The following are the Township's other funds:

Trust Funds are used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund. The Pension Trust Fund is used to account for the four retirement pension plans. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Fund since capital maintenance is critical.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

THE TOWNSHIP'S FUNDS

As indicated above, these funds are accounted for using the cash basis of accounting. All governmental funds had total revenues of \$11,010,396 with expenditures of \$8,730,280. Other financing sources and uses include transfers between the funds and net out to \$0. The net change in fund balance for the year was an increased of only \$2,280,116 for governmental funds.

GENERAL FUND BUDGETING HIGHLIGHTS

The Township's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

CAPITAL ASSETS

At the end of the fiscal year, the Township had the following invested in land, buildings, furniture and equipment, and vehicles.

Table 4 Capital Assets

	Balance, Beginning	Additions	Disposals	Balance, Ending
CAPITAL ASSETS				
Land and Land Improvements	\$ 5,575,404	\$ 330,570	\$	\$ 5,905,974
Infrastructure	1,730,687	10,076		1,740,763
Building & Improvements	9,576,596	9,900		9,586,496
Furniture and Equipment	2,654,694	158,235		2,812,929
	<u>\$ 19,537,381</u>	<u>\$ 508,781</u>	<u>\$ 0</u>	<u>\$ 20,046,162</u>
ACCUMULATED DEPRECIATION				
Building & Improvements	\$ 4,557,855	\$ 201,077	\$	\$ 4,758,932
Furniture and Equipment	662,762	6,844		669,606
	<u>\$ 5,220,617</u>	<u>\$ 207,921</u>	<u>\$ 0</u>	<u>\$ 5,428,538</u>

Description of the years Capital Asset Activity:

- Capital purchases were \$508,781 with disposals of \$0.
- Depreciation for the year was \$207,921.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

DEBT SERVICE

Table 5 summarizes Long Term Debt:

	Balance, Beginning	Proceeds	Repayments	Balance, Ending
Notes – 2006	\$ 754,948	\$	\$ 754,948	\$ 0
	\$ 754,948	\$ 0	\$ 754,948	\$ 0

*Table 6 summarizes
Debt Service to Maturity:*

	Debt Service 2015	Debt Service 2014
2015	0	151,751
2016	0	147,500
2017	0	143,250
2018	0	139,000
2019	0	134,750
2020	0	130,500
2021	0	126,250
2022	0	56,126
Total	0	1,029,127
Less: Interest Portion	0	274,179
Outstanding Principal	\$ 0	\$ 754,948

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

CURRENT FINANCIAL ISSUES AND CONCERNS

In conclusion, The Township of Hanover continues to be financially sound. The Township of Hanover has committed itself to being fiscally responsible over the years and appropriately addressing Township's ongoing needs. Over the past few years the Township has evaluated operations, consolidated three full-time positions, while increasing services to its residents, business community and visitors.

The Township implemented a Defined Contribution Plan for new hires thereby insuring the liquidity of the Defined Benefit Plan. All employees contribute 5% of their premiums for health and dental benefits.

The Board of Supervisors and appointed staff have been forward thinking in the operations and financing of the Township. The Township is also fortunate to have a dedicated staff committed to providing "best in class" services. In addition, the Township's system of financial planning, budgeting, and internal financial controls are well regarded, as official audits have demonstrated. The Township plans to continue its sound financial management to meet the challenges of the future.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township offices.



G O V E R N M E N T W I D E F I N A N C I A L S T A T E M E N T S



TOWNSHIP OF HANOVER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2015

		Governmental Activities	
		2015	2014
<i>ASSETS</i>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$	1,863,830	\$ 1,383,962
Investments		3,772,856	4,503,707
		<u>5,636,686</u>	<u>5,887,669</u>
<i>Noncurrent Assets</i>			
General Fixed Assets			
Land		5,905,974	5,575,404
Infrastructure		1,740,763	1,730,687
Building & Building Improvements		9,586,496	9,576,596
Equipment		2,812,929	2,654,694
		<u>20,046,162</u>	<u>19,537,381</u>
Accumulated Depreciation		<u>(5,428,538)</u>	<u>(5,220,617)</u>
Net General Fixed Assets		14,617,624	14,316,764
Restricted Cash and Cash Equivalents		10,624,381	8,093,282
		<u>25,242,005</u>	<u>22,410,046</u>
		<u>30,878,691</u>	<u>28,297,715</u>
<i>LIABILITIES</i>			
<i>Current Liabilities</i>			
Current Portion of LT Debt - notes payable		0	424,000
<i>Noncurrent Liabilities</i>			
Notes Payable - Long term		0	330,948
		<u>0</u>	<u>754,948</u>
<i>NET POSITION</i>			
Investment in Capital Assets Net of Related Debt		14,617,624	13,561,816
Restricted for:			
Capital Projects		5,365,467	5,143,734
Specified Projects		6,140,204	3,769,837
Specified use		1,642,739	1,324,072
Unrestricted		3,112,657	3,743,308
		<u>\$ 30,878,691</u>	<u>\$ 27,542,767</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF HANOVER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2015

2015									
Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		2014		
	Expenses	Operating		Capital	Governmental Activities	Memorandum Total			
		Charges for Services	Grants and Contributions						
Governmental activities:									
General government	\$ 1,044,969	\$ 1,523,778	\$ 913,603	\$	\$ 1,392,412	\$ 901,351			
Public safety	2,280,648	268,349	104,431		(1,907,868)	(1,745,267)			
Public works	2,499,428	1,478,688	322,393		(698,347)	(980,746)			
Recreation	682,928	578,960			(103,968)	(265,532)			
Other	953,066				(953,066)	(841,385)			
Interest on Long-Term debt	5,512				(5,512)	(42,550)			
Unallocated Depreciation	207,921				(207,921)	(191,909)			
	<u>\$ 7,674,472</u>	<u>\$ 3,849,775</u>	<u>\$ 1,340,427</u>	<u>\$ 0</u>	<u>(2,484,270)</u>	<u>(3,166,038)</u>			
General revenues:									
Taxes:									
Property Taxes, levied for general purposes					1,748,261	1,721,953			
Property Taxes, levied for fire protection					257,024	256,018			
Real Estate Transfer Taxes					581,339	499,352			
Local Services Taxes					517,203	544,058			
Mercantile Taxes					540,729	559,802			
Earned Income Taxes					2,158,154	2,044,633			
Interest Income					17,484	10,851			
					<u>5,820,194</u>	<u>5,636,667</u>			
<i>Total general revenues, special items, and transfers</i>									
					3,335,924	2,470,629			
Change in Net Position									
<i>Net Position—beginning</i>					27,542,767	25,072,138			
<i>Net Position—ending</i>					<u>\$ 30,878,691</u>	<u>\$ 27,542,767</u>			

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF HANOVER

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

DECEMBER 31, 2015

Total Fund Balances - Governmental Funds (CASH BASIS) \$ 16,261,067

*Amounts reported for governmental activities in the statement of
net assets are different because:*

Capital Assets used in governmental activities are not financial
resources and therefore are not reported as assets in funds.

<i>Capital Assets</i>	20,046,162
<i>Accumulated Depreciation</i>	(5,428,538)

Long-term liabilities, including notes payable, are not due and payable
in the current period, and therefore are not reported as liabilities
in the funds. Long-term liabilities at year end consist of:

<i>Notes Payable</i>	0
----------------------	---

Total Net Position - Governmental Activities (MODIFIED CASH BASIS) \$ 30,878,691

TOWNSHIP OF HANOVER

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

Total net change in fund balances - governmental funds (CASH BASIS) \$ 2,280,116

*Amounts reported for governmental activities in the statement
of activities are different because:*

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

<i>Depreciation</i>	(207,921)
<i>Capital Outlay</i>	508,781

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

754,948

Proceeds from issuing debt is an other financing use the governmental funds, but an increase in debt liabilities on the statement of net assets

0

Change in net position of governmental activities (MODIFIED CASH BASIS) \$ 3,335,924

F U N D S F I N A N C I A L S T A T E M E N T S



TOWNSHIP OF HANOVER
COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	2015						2014
	Major Funds			Non-Major Funds		Total Governmental Funds	
	Capital			Special Revenue			
	General	Projects	Total				
ASSETS							
Cash - unrestricted	\$ 206,315	\$ 14,776	\$ 221,091	\$ 1,642,739	\$ 1,863,830	\$ 1,383,962	
Cash - restricted	6,140,204	1,619,346	7,759,550		7,759,550	5,376,606	
Due from other funds			0		0	49,900	
Investments - unrestricted	2,906,342	866,514	3,772,856		3,772,856	4,503,707	
Investments - restricted		2,864,831	2,864,831		2,864,831	2,716,676	
	<u>\$ 9,252,861</u>	<u>\$ 5,365,467</u>	<u>\$ 14,618,328</u>	<u>\$ 1,642,739</u>	<u>\$ 16,261,067</u>	<u>\$ 14,030,851</u>	
LIABILITIES							
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,900	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,900</u>	
FUND BALANCE							
Assigned	6,140,204	5,365,467	11,505,671	0	11,505,671	8,913,571	
Unassigned	3,112,657	0	3,112,657	1,642,739	4,755,396	5,067,380	
	<u>9,252,861</u>	<u>5,365,467</u>	<u>14,618,328</u>	<u>1,642,739</u>	<u>16,261,067</u>	<u>13,980,951</u>	
	<u>\$ 9,252,861</u>	<u>\$ 5,365,467</u>	<u>\$ 14,618,328</u>	<u>\$ 1,642,739</u>	<u>\$ 16,261,067</u>	<u>\$ 14,030,851</u>	

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF HANOVER
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	2015							
	Major Funds			Non-Major Funds			Total	Memorandum Total
	General	Capital Projects	Total	Special Revenue	Debt Service	Total	Governmental Funds	
REVENUES								
Taxes	\$ 5,545,686	\$	\$ 5,545,686	\$ 257,024	\$	\$ 257,024	\$ 5,802,710	\$ 5,625,816
Licenses and permits	1,245,385		1,245,385			0	1,245,385	163,146
Fines and forfeitures	46,972		46,972			0	46,972	54,443
Interest income	11,922	5,161	17,083	401		401	17,484	10,851
Intergovernmental revenue	617,370		617,370	322,393		322,393	939,763	1,069,987
Charges for services -								
Other	1,363,768	6,195	1,369,963			0	1,369,963	1,189,388
Solid waste collection and disposal	915,274		915,274			0	915,274	802,658
Other	6,444	666,401	672,845			0	672,845	1,452,866
	9,752,821	677,757	10,430,578	579,818	0	579,818	11,010,396	10,369,155
EXPENDITURES								
Current								
General government	663,313	389,953	1,053,266			0	1,053,266	1,092,457
Public safety	2,299,453	46,061	2,345,514			0	2,345,514	2,569,291
Public works	2,264,590	50,435	2,315,025	261,151		261,151	2,576,176	2,424,803
Recreation	930,237	111,561	1,041,798			0	1,041,798	1,552,651
Other	953,066		953,066			0	953,066	841,385
Debt Service								
Principal			0		754,948	754,948	754,948	732,000
Interest			0		5,512	5,512	5,512	42,550
	7,110,659	598,010	7,708,669	261,151	760,460	1,021,611	8,730,280	9,255,137
	2,642,162	79,747	2,721,909	318,667	(760,460)	(441,793)	2,280,116	1,114,018
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES								
OTHER FINANCING (USES) SOURCES								
Proceeds from issuing general obligation notes			0			0	0	0
Operating transfers in	(902,446)	141,986	141,986		760,460	760,460	902,446	2,134,975
Operating transfers out	(902,446)	0	(902,446)			0	(902,446)	(2,134,975)
		141,986	(760,460)	0	760,460	760,460	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES								
	1,739,716	221,733	1,961,449	318,667	0	318,667	2,280,116	1,114,018
FUND BALANCES, JANUARY 1	7,513,145	5,143,734	12,656,879	1,324,072	0	1,324,072	13,980,951	12,866,933
FUND BALANCES, DECEMBER 31	\$ 9,252,861	\$ 5,365,467	\$ 14,618,328	\$ 1,642,739	\$ 0	\$ 1,642,739	\$ 16,261,067	\$ 13,980,951

TOWNSHIP OF HANOVER
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Pension Trust	
	2015	2014
ASSETS		
Investments - restricted	<u>\$ 7,162,834</u>	<u>\$ 7,064,823</u>
LIABILITIES AND NET ASSETS		
LIABILITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET ASSETS		
Reserved for retirement benefits	<u>7,162,834</u>	<u>7,064,823</u>
	<u><u>\$ 7,162,834</u></u>	<u><u>\$ 7,064,823</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF HANOVER

STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS

FIDUCIARY FUND TYPES

YEAR ENDED DECEMBER 31, 2015

	Pension Trust	
	2015	2014
ADDITIONS		
Township Contributions	\$ 361,911	\$ 497,802
Interest, dividends, and net unrealized gains/losses	122,269	271,376
	<u>484,180</u>	<u>769,178</u>
DEDUCTIONS		
Administrative expenses	58,918	57,605
Pension benefits	327,251	308,878
	<u>386,169</u>	<u>366,483</u>
CHANGE IN NET ASSETS	98,011	402,695
NET ASSETS, JANUARY 1	<u>7,064,823</u>	<u>6,662,128</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 7,162,834</u></u>	<u><u>\$ 7,064,823</u></u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS



TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Township of Hanover, Northampton County, was incorporated in 1798. The second class Township operates under an elected Board of Supervisors, and provides the following services to its residents: public safety, highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

Principles Determining Scope of Reporting Entity

The financial statements of the Township consist only of the funds and account groups of the Township. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Basis of Accounting

The Township's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the modified cash basis of accounting. Governmental funds use the cash basis of accounting. Fiduciary funds also use the cash basis of accounting. Differences in the modified cash and the cash basis of accounting arise in the recognition fixed assets and debt.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the Primary government, except for fiduciary funds. The statement of net assets presents the financial condition of the governmental activities of the Township at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting (continued)

FUND FINANCIAL STATEMENTS:

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported separately by type.

All funds of the Township are accounted for using the cash basis. As such, revenues are recognized when cash is received, and expenses are recognized when they are paid. The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following funds are used by the Township.

GOVERNMENTAL FUND TYPES

General Fund (Major Fund) is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Capital Projects Funds (Major Fund) account for financial resources to be used for the acquisition or construction of certain major capital facilities which are not financed by the Proprietary and General Funds.

Special Revenue Funds (Non-major Fund) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Included in these funds is State Liquid Fuels Highway Aid.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Debt Service Fund (Non-major Fund)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations.

PROPRIETARY FUND TYPES

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing services to the general public on a continuing basis are financed through user charges. The Township does not currently engage in activities which would require reporting in an Enterprise Fund.

FIDUCIARY FUND TYPES

Trust Fund is used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund. The Pension Trust Fund is used to account for the four retirement pension plans. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Fund since capital maintenance is critical.

MEASUREMENT FOCUS:

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Township are included on the Statement of Net Assets.

Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The private purpose trust fund is reported using the economic resources measurement focus.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting (continued)

Cash and Investments

The Township maintains all its cash in checking and savings accounts which are covered by federal depository insurance or by collateral held by the Township's custodial bank. The Second Class Township Code authorizes the Township to invest its funds in savings accounts and certificates of deposit or time deposits provided that these deposits are insured or collateralized by a pledge or assignment of assets of the depository. In addition, the Township may invest its funds in obligations of the United States of America or the Commonwealth of Pennsylvania, including their agencies or instrumentalities, political subdivisions of the Commonwealth of Pennsylvania, and United States Treasury Bills.

Capital Assets

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction costs are reflected as expenditures in governmental funds. In the government wide financial statements, these assets are capitalized and depreciated using the straight-line method over the estimated useful life. Fixed assets in the Enterprise Fund are stated at cost. Depreciation of equipment in the Enterprise Fund is computed using the straight-line method over the estimated useful life of the equipment.

General Fixed Assets purchased are recorded as expenditures at the time of purchase. General Fixed Assets are stated at cost when determinable, or estimated historical cost based on appraisals or other acceptable methods when historical cost is not available. Donated fixed assets are stated at their fair market value as of the date of gift.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

Debt and Debt Service

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt of the Township not accounted for in other funds.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Township adopts annual budgets for all funds in accordance with the Second Class Township Code. All budgets are adopted on a cash basis, which is not consistent with U.S. generally accepted accounting principles. All budget amounts included in the accompanying financial statements and supplementary information are as originally adopted or as amended by the Board of Supervisors. Appropriations not expended lapse at the end of each fiscal year. The Township uses traditional, program and performance budgeting methods to develop the operating budget, which includes proposed expenditures and the means to finance them. The budget is adopted by ordinance and subject to change only by ordinance. The Township utilizes the cash basis of accounting for budgetary purposes.

Pension Plan

The Township has one defined benefit pension plan. Pension costs for the plan includes current service costs, which are accrued and funded on a current basis, and prior costs which are amortized over 30 years.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers. Transfers to the pension funds are quasi-external transactions and are not treated as operating transfers.

Fund Equity

The unreserved fund balances for governmental funds represent the amounts available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Implementation of Accounting Principles

Township implemented the required **GASB Statement No. 68** (Accounting and Financial Reporting for Pensions), which requires all governments to record the net pension liability on all defined benefit and defined contribution plans. In addition, GASB 68 requires recording applicable deferred outflows of resources and deferred inflows of resources. However, as these deferrals are not the result of underlying cash transactions, therefore, no provision in the financial statements is required on the cash basis presentation.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The Township, under the Pennsylvania Second Class Township Code Act of 1933, as amended, is authorized to invest in direct obligations of the United States government, obligations guaranteed by the United States government, obligations of the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth of Pennsylvania, savings or time deposits and time certificates of deposit. The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township. To the extent the Township's deposits with financial institutions are not insured by the Federal Deposit Insurance Corporation, assets have been pledged by the financial institutions. The fair market value of pledged assets exceeded the carrying amount of deposits in the pools at year end.

Credit risk The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The majority of the Township's investments are in U.S. Government Obligations and are therefore not exposed to this type of risk.

Custodial credit risk –deposits In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the bank balance of the Township's deposits with financial institutions including cash equivalent investments was \$5,636,686. The remaining balances was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. The total amount of investments not secured by federal depository insurance was collateralized by securities pledged by the financial institution for such funds, but not in the Township's name. Investments have received an AAAM rating from Standards & Poors with \$10,624,381.

Custodial credit risk investments For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pennsylvania Local Government Investment Trust were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The Township's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet. The fair value of the Township's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pools that are not SEC registered are subject to oversight by the Commonwealth of Pennsylvania with \$7,162,834.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 3 PROPERTY TAXES

Property taxes are levied on a calendar year basis, and are assessed on February 1. The taxes are due May 31. A discount of 2% is available through March 31, and a penalty of 10% is charged on payments after May 31. Taxable assessed valuation is \$521,090,250 at 3.4 mills for general purposes and 0.5 mills for fire protection.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in the capital assets:

	Balance, Beginning	Additions	Disposals	Balance, Ending
CAPITAL ASSETS				
Land and Land Improvements	\$ 5,575,404	\$ 330,570	\$	\$ 5,905,974
Infrastructure	1,730,687	10,076		1,740,763
Building & Improvements	9,576,596	9,900		9,586,496
Furniture and Equipment	2,654,694	158,235		2,812,929
	<u>\$ 19,537,381</u>	<u>\$ 508,781</u>	<u>\$ 0</u>	<u>\$ 20,046,162</u>
ACCUMULATED DEPRECIATION				
Building & Improvements	\$ 4,557,855	\$ 201,077	\$	\$ 4,758,932
Furniture and Equipment	662,762	6,844		669,606
	<u>\$ 5,220,617</u>	<u>\$ 207,921</u>	<u>\$ 0</u>	<u>\$ 5,428,538</u>

NOTE 5 LITIGATION

The Township is a defendant in lawsuits concerning various matters. Although the outcome of the lawsuits is not presently determinable, in the opinion of Township legal counsel, resolution of these matters will not have a material adverse effect on the financial condition of the Township.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 6 DEBT AND DEBT SERVICE

The following is a summary of the Township's long-term debt activity for the year:

	Balance, Beginning	Proceeds	Repayments	Balance, Ending
Notes – 2006	\$ 754,948	\$	\$ 754,948	\$ 0
	<u>\$ 754,948</u>	<u>\$ 0</u>	<u>\$ 754,948</u>	<u>\$ 0</u>

Series 2006 General Obligation Notes

Original issue of \$2,500,000 for the purchase of a new building; due in monthly installments of varying amounts; interest is payable at a fixed (tax free) rate of 4.25% per annum, maturing December 2031

\$ 0

The Township's debt service to maturity at year end is as follows:

	2015	2014
2015	0	151,751
2016	0	147,500
2017	0	143,250
2018	0	139,000
2019	0	134,750
2020	0	130,500
2021	0	126,250
2022	0	56,126
Total	<u>0</u>	<u>1,029,127</u>
Less: Interest Portion	<u>0</u>	<u>274,179</u>
Outstanding Principal	<u>\$ 0</u>	<u>\$ 754,948</u>

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 7 FUND BALANCE REPORTING

GASB 54 is intended to improve the usefulness of the amounts reported in fund balance by providing more structured classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. It moves the Township from the current standard of reporting three main classifications of fund balance (*reserved, designated, and unreserved/undesignated*) to five new fund balance classifications (*nonspendable, restricted, committed, assigned, and unassigned*). The hierarchy of five possible classifications of fund balance is:

Nonspendable Fund Balance

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually.

Restricted Fund Balance

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed Fund Balance

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned Fund Balance

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance. Designations indicate tentative management plans for future use of certain financial resources that may or may not be ultimately approved or result in expenditure. Generally, designations are supported by definitive plans approved by the Township.

Unassigned Fund Balance

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Retirement Plan for the Employees of Hanover Township is a single-employer defined benefit pension plan controlled by the provisions of the Plan Document. The plan is governed by the Hanover Township which may amend plan provisions, and which is responsible for the management of plan assets. The Hanover Township has delegated the authority to manage certain plan assets to PNC Institutional Asset Management.

The Hanover Township filed actuarial valuation report Form 203 C with the Public Employee Retirement Commission. The report dated January 1, 2015, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Non-Uniformed employees.

B. Employees Covered by the Plan

As of January 1, the following employees were covered by the benefit terms:

	<u>2016</u>	<u>2015</u>
Active employees	12	13
Retirees and beneficiaries currently receiving benefits	9	9
Terminated employees entitled to benefits but not yet receiving them	2	1
Total	23	23

C. Benefit Provisions

As of January 1, 2016, the pension plan provides for retirement and other benefits as shown in Appendix I of this report.

D. Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are not required to contribute to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

D. Contributions (continued)

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Summary of Significant Accounting Policies

A. Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

B. Valuation of Investments

The pension plan's assets are valued at fair market value.

Investments

A. Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

The plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

<u>Asset Class</u>	<u>Target</u>	<u>Asset Class</u>	<u>Target</u>
Large Cap	0%	International Equity	5%
Mid Cap	52%	Fixed Income	42%
Small Cap	0%	Balanced/Blend	0%
		Cash	1%

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

Deferred Retirement Option Program (DROP)

The plan does not provide a Deferred Retirement Option Program.

Pension Liability

A. Net Pension Liability

The components of the net pension liability of the municipality as of December 31, 2015 were as follows:

Total Pension Liability (TPL)	\$ 8,710,655
Plan Fiduciary Net Position	\$ 7,162,834
Net Pension Liability (NPL)	\$1,547,821

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.2%
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B. Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2015. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2015.

C. Long-Term Expected Rate of Return

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 of 2.25%) 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 allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	6.58%	International Equity	7.59%
Mid Cap	7.39%	Fixed Income	3.03%
Small Cap	7.39%	Emerging Markets	10.25%
		Cash	0.75%

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

D. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E. Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$2,656,041	\$1,547,821	\$613,288

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

F. Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/2014	\$ 8,249,559	\$ 7,064,823	\$1,184,736
Changes for the year:			
Service Cost	169,211	-	169,211
Interest	619,136	-	619,136
Changes in Benefit Terms		-	-
Differences Between Expected and Actual Experience		-	-
Changes of Assumptions		-	-
Contributions - Employer		361,911	(361,911)
Contributions - State Aid		90,179	(90,179)
Contributions - Member		-	-
Net Investment Income		(26,828)	26,828
Benefit Payments	(327,251)	(327,251)	-
Administrative Expense		-	-
Other Changes		-	-
Net Changes			
Balances at 12/31/2015	\$ 8,710,655	\$ 7,162,834	\$1,547,821

Pension Expense for Fiscal Year Ended December 31,2015:

Service Cost	\$ 169,211
Interest on Total Pension Liability	619,136
Changes in Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions	0
Employee Contributions	0
Projected Earnings on Pension Plan Investments	(526,067)
Differences Between Projected and Actual Earnings on Investments	110,579
Administrative Expense	0
Other Changes in Fiduciary Net Position	0
Total Pension Expense	\$ 372,859

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2015, the municipality recognized a pension expense of \$372,859. At December 31, 2015, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences Between Expected and Actual Experience	\$	0
Changes in Assumptions	\$	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments (Deferred Outflow)	\$	442,316

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

Year Ended December 31:	
2016	\$ 110,579
2017	110,579
2018	110,579
2019	110,579
2020	-

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

Retirement Plan for the Employees of Hanover Township
Schedule of Changes in Municipality's Net Pension Liability and Related Ratios
Last 10 Fiscal Years

	2015
Total Pension Liability	
Service Cost	\$ 189,211
Interest	619,136
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(327,251)
Benefit Payments, Including Refunds of Member Contributions	451,096
Net Change in Total Pension Liability	8,249,559
Total Pension Liability - Beginning	\$ 8,710,655
Total Pension Liability - Ending	\$ 16,960,214
Plan Fiduciary Net Position	
Contributions - Employer	\$ 361,911
Contributions - State Aid	90,179
Contributions - Member	-
Net Investment Income	(26,828)
Benefit Payments, Including Refunds of Member Contributions	(327,251)
Administrative Expense	-
Net Change in Plan Fiduciary Net Position	98,011
Plan Net Position - Beginning	7,064,823
Plan Net Position - Ending	\$ 7,162,834
Municipality's Net Pension Liability	\$ 9,797,380
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.2%
Covered Employee Payroll	\$ 817,520
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	189.3%

Notes to schedules:

None.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

NOTE 8 DEFINED BENEFIT PENSION PLAN

Retirement Plan for the Employees of Hanover Township Schedule of Employer Contributions Last 10 Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially Determined Contribution	\$ 225,535	\$ 247,936	\$ 329,188	\$ 330,304	\$ 371,166	\$ 372,083	\$ 402,318	\$ 396,668	\$ 369,164	\$ 336,288
Contributions in Relation to the Actuarially Determined Contribution	302.748	321.683	399.287	411.632	468.199	550.942	495.279	510.981	497.802	452.090
Contribution Deficiency (Excess)	\$ (77,213)	\$ (73,747)	\$ (70,099)	\$ (81,328)	\$ (97,033)	\$ (178,859)	\$ (92,961)	\$ (114,313)	\$ (128,638)	\$ (115,802)
Covered Employee Payroll	\$ 813,428	\$ 990,970	\$ 972,166	\$ 977,776	\$ 925,212	\$ 930,094	\$ 949,440	\$ 921,701	\$ 904,873	\$ 817,520
Contributions as a Percentage of Covered Employee Payroll	37.2%	32.5%	41.1%	42.1%	50.6%	59.2%	52.2%	55.4%	55.0%	55.3%

Notes to schedules:

None.

**DETAIL SCHEDULES OF REVENUE
AND EXPENDITURES**



TOWNSHIP OF HANOVER
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
<i>REVENUES:</i>			
<i>TAXES</i>			
Real Estate	\$ 1,745,702	\$ 1,748,261	\$ 2,559
Real Estate Transfer	415,000	581,339	166,339
Local Services Tax	472,831	517,203	44,372
Mercantile	743,658	540,729	(202,929)
Earned Income Tax	2,117,901	2,158,154	40,253
	<u>5,495,092</u>	<u>5,545,686</u>	<u>50,594</u>
<i>LICENSES AND PERMITS</i>			
Cable television licenses	136,000	178,210	42,210
Permits	290,000	1,067,175	777,175
	<u>426,000</u>	<u>1,245,385</u>	<u>819,385</u>
<i>FINES AND FORFEITURES</i>			
Forfeitures			0
Fines and Code Violations	55,780	46,972	(8,808)
	<u>55,780</u>	<u>46,972</u>	<u>(8,808)</u>
<i>INTEREST AND RENTS</i>			
Interest on investments	6,282	11,922	5,640
Rents	255,764	265,737	9,973
	<u>262,046</u>	<u>277,659</u>	<u>15,613</u>
<i>INTERGOVERNMENTAL REVENUE</i>			
State public utility tax	6,000	6,548	548
Other governments	2,042	1,390	(652)
Alcoholic beverage taxes	3,000	200	(2,800)
Foreign fire insurance premium tax	109,400	104,431	(4,969)
Recycling	132,950	63,323	(69,627)
Pension fund state aid	223,897	175,741	(48,156)
	<u>477,289</u>	<u>351,633</u>	<u>(125,656)</u>
<i>CHARGES FOR SERVICES</i>			
General Government	10,272	17	(10,255)
Solid waste collection and disposal	836,520	915,274	78,754
Sanitary sewer fee	220,777	563,414	342,637
Public Safety	88,414	221,377	132,963
Recreation & Community Center	564,744	578,960	14,216
	<u>1,720,727</u>	<u>2,279,042</u>	<u>558,315</u>
<i>OTHER</i>			
Proceeds from sale of fixed assets			0
Other	7,050	6,444	(606)
	<u>7,050</u>	<u>6,444</u>	<u>(606)</u>
<i>TOTAL REVENUES</i>	<u>\$ 8,443,984</u>	<u>\$ 9,752,821</u>	<u>\$ 1,308,837</u>

TOWNSHIP OF HANOVER
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
<i>EXPENDITURES:</i>			
<i>GENERAL GOVERNMENT</i>			
Legislative and Governing Body	\$ 128,317	\$ 159,373	\$ (31,056)
Executive / Manager	115,947	116,939	(992)
Financial services	15,000	16,683	(1,683)
Tax Collection	44,500	41,020	3,480
Legal services	40,000	21,802	18,198
Treasurer, Secretary and Clerk	219,685	224,302	(4,617)
Engineering services	24,520	22,289	2,231
Buildings and Plant	75,600	60,905	14,695
	<u>663,569</u>	<u>663,313</u>	<u>256</u>
<i>PUBLIC SAFETY</i>			
Police	1,644,454	1,652,760	(8,306)
Fire	308,500	303,355	5,145
Ambulance			0
Crossing Guards	12,600	12,581	19
Emergency Management	10,000	4,324	5,676
Animal Control			0
Protective Inspection	200,844	301,781	(100,937)
Planning and Zoning	44,000	24,652	19,348
	<u>2,220,398</u>	<u>2,299,453</u>	<u>(79,055)</u>
<i>PUBLIC WORKS</i>			
Recycling	38,000	112,941	(74,941)
Solid waste collection and disposal	826,887	923,932	(97,045)
Wastewater and sewage collection and disposal	130,000	104,103	25,897
Highways, Streets and General services	757,626	717,548	40,078
Winter maintenance	43,400	50,792	(7,392)
Traffic control	62,310	50,309	12,001
Street Lighting	120,000	141,455	(21,455)
Repairs of tools and machinery	87,800	98,714	(10,914)
Construction and Rebuilding	89,975	61,993	27,982
Other public works	9,225	2,803	6,422
	<u>2,165,223</u>	<u>2,264,590</u>	<u>(99,367)</u>

TOWNSHIP OF HANOVER
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
<i>EXPENDITURES (continued):</i>			
<i>RECREATION AND COMMUNITY</i>			
Libraries	185,068	185,068	0
Shade Tree	7,500		7,500
Open space			0
Recreation & Community Center	797,849	745,169	52,680
Community development			0
	<u>990,417</u>	<u>930,237</u>	<u>60,180</u>
<i>MISCELLANEOUS</i>			
Pension contributions	569,273	572,205	(2,932)
Workers compensation	21,366	21,492	(126)
Unemployment compensation	6,375	5,914	461
Employee Benefits	361,887	208,497	153,390
Insurance premiums	35,147	38,923	(3,776)
Social Security	88,152	94,617	(6,465)
Refund of prior year tax			0
Other	7,300	11,418	(4,118)
	<u>1,089,500</u>	<u>953,066</u>	<u>136,434</u>
<i>TOTAL EXPENDITURES</i>	<u>\$ 7,129,107</u>	<u>\$ 7,110,659</u>	<u>\$ 18,448</u>

COMBINING SCHEDULES



TOWNSHIP OF HANOVER**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS****CAPITAL PROJECTS FUNDS - MAJOR FUNDS**DECEMBER 31, 2015

	Capital Reserve	Plans & Appeals	Impact Fees	Total
ASSETS				
Cash - unrestricted	\$ 11,637	\$	\$ 3,139	\$ 14,776
Cash - restricted		599,002	1,020,344	1,619,346
Investments - unrestricted	866,514			866,514
Investments - restricted	<u>2,864,831</u>			<u>2,864,831</u>
	<u>\$ 3,742,982</u>	<u>\$ 599,002</u>	<u>\$ 1,023,483</u>	<u>\$ 5,365,467</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0	0
Fund balances:				
Assigned	3,742,982	599,002	1,023,483	5,365,467
Unassigned				0
	<u>\$ 3,742,982</u>	<u>\$ 599,002</u>	<u>\$ 1,023,483</u>	<u>\$ 5,365,467</u>

TOWNSHIP OF HANOVER**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS**

CAPITAL PROJECTS FUNDS - MAJOR FUNDS

YEAR ENDED DECEMBER 31, 2015

	Capital Reserve	Plans & Appeals	Impact Fees	Total
REVENUES				
Interest income	\$ 3,665	\$ 380	\$ 1,116	\$ 5,161
Charges for Service		6,195		6,195
Intergovernmental revenue				0
Developer contributions	302,052	364,349		666,401
	<u>305,717</u>	<u>370,924</u>	<u>1,116</u>	<u>677,757</u>
EXPENDITURES				
Current				
General Government	30,512	356,652	2,789	389,953
Public Safety	46,061			46,061
Public works	50,435			50,435
Cultural and recreation	111,561			111,561
	<u>238,569</u>	<u>356,652</u>	<u>2,789</u>	<u>598,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>67,148</u>	<u>14,272</u>	<u>(1,673)</u>	<u>79,747</u>
OTHER FINANCING (USES) SOURCES				
Proceeds from issuing general obligation notes				0
Operating transfers in	141,986			141,986
Operating transfers out				
	<u>141,986</u>	<u>0</u>	<u>0</u>	<u>141,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND AND FINANCING (USES) SOURCES	<u>209,134</u>	<u>14,272</u>	<u>(1,673)</u>	<u>221,733</u>
FUND BALANCES, JANUARY 1	<u>3,533,848</u>	<u>584,730</u>	<u>1,025,156</u>	<u>5,143,734</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 3,742,982</u></u>	<u><u>\$ 599,002</u></u>	<u><u>\$ 1,023,483</u></u>	<u><u>\$ 5,365,467</u></u>

TOWNSHIP OF HANOVER

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

SPECIAL REVENUE FUNDS - NONMAJOR FUNDS

DECEMBER 31, 2015

	Liquid Fuels	Fire Tax	Total
ASSETS			
Cash - unrestricted	\$ 663,645	\$ 979,094	\$ 1,642,739
Investments - unrestricted			0
	<u>\$ 663,645</u>	<u>\$ 979,094</u>	<u>\$ 1,642,739</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances:			
Unassigned	<u>663,645</u>	<u>979,094</u>	<u>1,642,739</u>
	<u>\$ 663,645</u>	<u>\$ 979,094</u>	<u>\$ 1,642,739</u>

TOWNSHIP OF HANOVER**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES - CASH BASIS****SPECIAL REVENUE FUNDS - NONMAJOR FUNDS**YEAR ENDED DECEMBER 31, 2015

	Liquid Fuels	Fire Tax	Total
REVENUES			
Taxes	\$	\$ 257,024	\$ 257,024
Interest income	401		401
Intergovernmental revenue	<u>322,393</u>		<u>322,393</u>
	<u>322,794</u>	<u>257,024</u>	<u>579,818</u>
EXPENDITURES			
Current			
Public Safety			0
Public works	<u>261,151</u>		<u>261,151</u>
	<u>261,151</u>	<u>0</u>	<u>261,151</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>61,643</u>	<u>257,024</u>	<u>318,667</u>
OTHER FINANCING (USES) SOURCES			
Operating transfers in			0
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND AND FINANCING (USES) SOURCES	<u>61,643</u>	<u>257,024</u>	<u>318,667</u>
FUND BALANCES, JANUARY 1	<u>602,002</u>	<u>722,070</u>	<u>1,324,072</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 663,645</u></u>	<u><u>\$ 979,094</u></u>	<u><u>\$ 1,642,739</u></u>