

TOWNSHIP OF HANOVER
NORTHAMPTON COUNTY, PENNSYLVANIA

**FINANCIAL STATEMENTS
AND AUDITORS' REPORTS**

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019



TOWNSHIP OF HANOVER

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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

BOARD OF SUPERVISORS, TOWNSHIP OF HANOVER, NORTHAMPTON COUNTY

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, 2019, 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 2018 financial statements and in our report dated March 31, 2020, 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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LEHIGH VALLEY AND POCONO MOUNTAINS

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, 2019, 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 – MODIFIED CASH

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*.

EMPHASIS OF MATTER – COVID 19 UNCERTAINTY

The Township's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization and the Township issue a Disaster Declaration on March 16, 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Township's financial position, operating activities and cash flows. Possible effects may include, but are not limited to, disruption to the Township's tax base and revenue collections, absenteeism and unemployment in the labor workforce within the Township, unavailability of products and supplies used in operations, and a decline in value of assets held by the Township, including inventories, property and equipment, and marketable securities.

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, 2020, 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, 2020



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 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

BOARD OF SUPERVISORS
TOWNSHIP OF HANOVER
NORTHAMPTON COUNTY

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, the business-type 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, 2019, 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, 2020.

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, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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, 2019. 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 appointed Township Manager. The Township 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 2019 are as follows:

- In total, net position were \$39,672,190 at the end of the year.
- General revenues accounted for \$6,774,954 or about 60% of all revenues.
- Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,370,437 or about 40% of total revenues of \$12,145,391.
- Total assets of governmental activities were \$39,672,190 of which \$6,290,893 represents unrestricted cash and investments.
- Fixed assets, net of accumulated depreciation, were \$18,062,314.
- The Township had \$9,905,889 in expenses, all but \$4,535,452 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$6,774,954 were adequate to provide for these programs.
- Expenses, after program revenue was \$4,535,452 for the year.
- Federal and state intergovernmental revenues were \$1,393,358 which includes allocations from the Commonwealth for pension funding and liquid fuels tax.

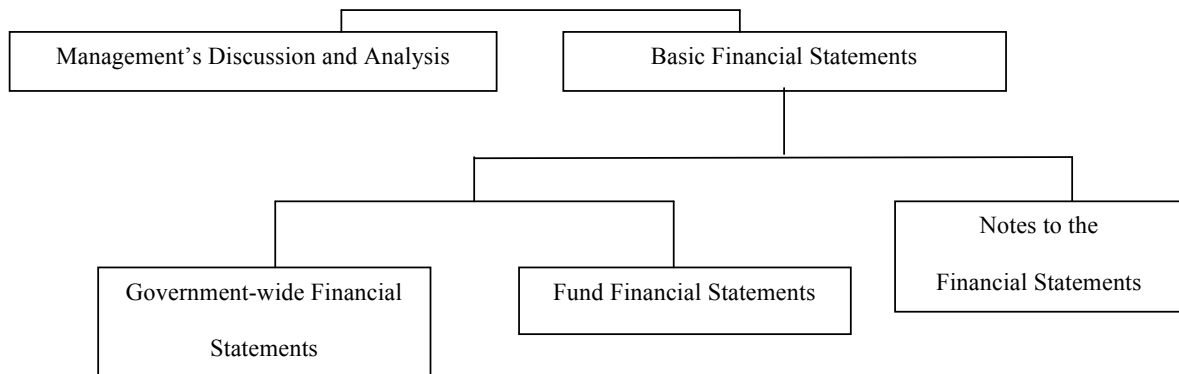
TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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, 2019

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

	2019	2018	2017	2016	2015
Assets					
Current and Other Assets	\$ 21,609,876	\$ 19,795,311	\$ 18,535,201	\$ 17,841,418	\$ 16,261,067
Capital Assets,					
Net of accumulated depreciation	<u>18,062,314</u>	<u>17,637,377</u>	<u>17,230,548</u>	<u>16,777,870</u>	<u>14,617,624</u>
	<u>39,672,190</u>	<u>37,432,688</u>	<u>35,765,749</u>	<u>34,619,288</u>	<u>30,878,691</u>
Liabilities					
Current Liabilities	0	0	0	0	0
Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position					
Invested in Capital Assets, Net of Debt	18,062,314	17,637,377	17,230,548	16,777,870	14,617,624
Restricted	17,659,399	16,409,971	15,207,453	14,561,935	13,148,410
Unrestricted	<u>3,950,477</u>	<u>3,385,340</u>	<u>3,327,748</u>	<u>3,279,483</u>	<u>3,112,657</u>
	<u>\$ 39,672,190</u>	<u>\$ 37,432,688</u>	<u>\$ 35,765,749</u>	<u>\$ 34,619,288</u>	<u>\$ 30,878,691</u>

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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 \$3,692,332. 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

	2019	2018	2017	2016	2015
<i>Program Revenues</i>					
Charges for Services	\$ 3,977,079	\$ 2,618,543	\$ 2,836,539	\$ 2,714,615	\$ 3,849,775
Operating Grants and Contributions	1,393,358	1,151,793	1,228,653	2,591,553	1,340,427
Capital Grants and Contributions	0	0	0	0	0
<i>General Revenues</i>					
Taxes	6,611,829	6,315,714	5,981,671	6,011,390	5,802,710
Investment Earnings	<u>163,125</u>	<u>123,644</u>	<u>103,852</u>	<u>44,560</u>	<u>17,484</u>
<i>Total Revenues</i>	<u>12,145,391</u>	<u>10,209,694</u>	<u>10,150,715</u>	<u>11,362,118</u>	<u>11,010,396</u>
<i>Program Expenses</i>					
General Government	1,998,707	1,258,428	2,208,652	958,349	1,044,969
Public Safety	2,592,928	2,419,786	2,387,128	2,615,413	2,280,648
Public Works	2,639,008	2,550,053	2,121,151	1,697,540	2,499,428
Cultural and Recreation	1,171,045	1,165,188	1,082,730	1,256,618	682,928
Other	1,192,966	917,378	972,671	861,750	953,066
Interest on Long-Term Debt	0	0	0	0	5,512
Unallocated Depreciation	<u>311,235</u>	<u>231,922</u>	<u>231,922</u>	<u>231,922</u>	<u>207,921</u>
<i>Total Expenses</i>	<u>9,905,889</u>	<u>8,542,755</u>	<u>9,004,254</u>	<u>7,621,592</u>	<u>7,674,472</u>
<i>Increase in Net Position</i>	<u>\$ 2,239,502</u>	<u>\$ 1,666,939</u>	<u>\$ 1,146,461</u>	<u>\$ 3,740,526</u>	<u>\$ 3,335,924</u>

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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

	2019	2018	2017	2016	2015
General Government	\$ 510,600	\$ 198,842	\$ (431,956)	\$ 2,105,406	\$ 1,392,412
Public Safety	(2,439,606)	(2,208,184)	(2,194,190)	(2,436,153)	(1,907,868)
Public Works	(461,064)	(1,043,713)	(610,512)	(238,802)	(698,347)
Cultural and Recreation	(641,181)	(570,064)	(497,811)	(652,121)	(103,968)
Other	(1,192,966)	(917,378)	(972,671)	(861,750)	(953,066)
Interest on Long-Term Debt	0	0	0	0	(5,512)
Unallocated Depreciation	(311,235)	(231,922)	(231,922)	(231,922)	(207,921)
	<u>\$ (4,535,452)</u>	<u>\$ (4,772,419)</u>	<u>\$ (4,939,062)</u>	<u>\$ (2,315,342)</u>	<u>\$ (2,484,270)</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. The Township does not currently have outstanding debt.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

Governmental Activities

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 60% for the year. 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 \$ 559,765,450 for the year was 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, 2019

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, 2019

THE TOWNSHIP'S FUNDS

As indicated above, these funds are accounted for using the cash basis of accounting. All funds had total revenues of \$12,145,391 with expenditures of \$10,330,808. 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 increase of only \$1,814,583 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	\$ 6,396,638	\$ 269,000	\$	\$ 6,665,638
Infrastructure	2,891,611	211,141		3,102,752
Building & Improvements	9,718,417	29,451		9,747,868
Furniture and Equipment	4,779,016	226,580		5,005,596
	<u>\$ 23,785,682</u>	<u>\$ 736,172</u>	<u>\$ 0</u>	<u>\$ 24,521,854</u>
ACCUMULATED DEPRECIATION				
Building & Improvements	\$ 5,385,953	\$ 202,302	\$	\$ 5,588,255
Furniture and Equipment	762,352	108,933		871,285
	<u>\$ 6,148,305</u>	<u>\$ 311,235</u>	<u>\$ 0</u>	<u>\$ 6,459,540</u>

Description of the years Capital Asset Activity:

- Capital purchases were \$736,172 in 2019 and \$638,751 in 2018.
- Depreciation for the year was \$311,235.

TOWNSHIP OF HANOVER

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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 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.

Since the conclusion of the fiscal year the entire World, including the United States has been significantly affected by COVID-19 (novel coronavirus) pandemic. Township management immediately took action to protect its employees and residents. Alternate work hours were established, sanitizing protocols were put into place, community center was closed and expenses placed on hold. Hanover was the first municipality in Northampton County to issue a Disaster Declaration on March 16, 2020.

While the virus' long-term impacts on the economy, financial markets and day-to-day activities the long-term financial conservativeness of the management of Hanover Township should keep it moving forward. Short-term and long-term expenses and capital projects will need to be analyzed in relationship to the fallout of COVID-19.

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 office.



GOVERNMENT WIDE FINANCIAL STATEMENTS



TOWNSHIP OF HANOVER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2019

	Governmental Activities	
	2019	2018
<i>ASSETS</i>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 1,996,843	\$ 1,265,336
Investments	4,294,050	4,215,446
	<u>6,290,893</u>	<u>5,480,782</u>
<i>Noncurrent Assets</i>		
General Fixed Assets		
Land	6,665,638	6,396,638
Infrastructure	3,102,752	2,891,611
Building & Building Improvements	9,747,868	9,718,417
Equipment	5,005,596	4,779,016
	<u>24,521,854</u>	<u>23,785,682</u>
Accumulated Depreciation	(6,459,540)	(6,148,305)
Net General Fixed Assets	18,062,314	17,637,377
Restricted Cash and Cash Equivalents	15,318,983	14,314,529
	<u>33,381,297</u>	<u>31,951,906</u>
	<u>39,672,190</u>	<u>37,432,688</u>
<i>LIABILITIES</i>		
<i>Current Liabilities</i>		
Current Portion of LT Debt - notes payable	0	0
<i>Noncurrent Liabilities</i>		
Notes Payable - Long term	0	0
	<u>0</u>	<u>0</u>
<i>NET POSITION</i>		
Investment in Capital Assets Net of Related Debt	18,062,314	17,637,377
Restricted for:		
Capital Projects	6,453,089	6,766,917
Specified Projects	9,748,889	8,423,420
Specified use	1,457,421	1,219,634
Unrestricted	3,950,477	3,385,340
	<u>\$ 39,672,190</u>	<u>\$ 37,432,688</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, 2019

2019							2018	
Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	Memorandum Total		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities			
Governmental activities:								
General government	\$ 1,998,707	\$ 1,636,995	\$ 872,312	\$	\$ 510,600	\$ 198,842		
Public safety	2,592,928	54,866	98,456		(2,439,606)	(2,208,184)		
Public works	2,639,008	1,755,354	422,590		(461,064)	(1,043,713)		
Recreation	1,171,045	529,864			(641,181)	(570,064)		
Other	1,192,966				(1,192,966)	(917,378)		
Interest on Long-Term debt	0				0	0		
Unallocated Depreciation	311,235				(311,235)	(231,922)		
	<u>\$ 9,905,889</u>	<u>\$ 3,977,079</u>	<u>\$ 1,393,358</u>	<u>\$ 0</u>	<u>(4,535,452)</u>	<u>(4,772,419)</u>		
General revenues:								
Taxes:								
Property Taxes, levied for general purposes					1,951,607	1,815,135		
Property Taxes, levied for fire protection					288,095	273,985		
Real Estate Transfer Taxes					380,196	351,507		
Local Services Taxes					614,538	606,423		
Mercantile Taxes					824,992	869,704		
Earned Income Taxes					2,552,401	2,398,960		
Interest Income					163,125	123,644		
					<u>6,774,954</u>	<u>6,439,358</u>		
<i>Total general revenues, special items, and transfers</i>								
					2,239,502	1,666,939		
Change in Net Position								
<i>Net Position—beginning</i>					<u>37,432,688</u>	<u>35,765,749</u>		
<i>Net Position—ending</i>					<u>\$ 39,672,190</u>	<u>\$ 37,432,688</u>		

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

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, 2019

Total net change in fund balances - governmental funds (CASH BASIS) \$ 1,814,583

*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>	(311,235)
<i>Capital Outlay</i>	736,154

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

0

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) \$ 2,239,502

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, 2019

Total Fund Balances - Governmental Funds (CASH BASIS) \$ 21,609,876

*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>	24,521,854
<i>Accumulated Depreciation</i>	(6,459,540)

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
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Total Net Position - Governmental Activities (MODIFIED CASH BASIS) \$ 39,672,190

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

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, 2019

	2019						2018
	Major Funds			Non-Major Funds		Total Governmental Funds	
	General	Capital Projects		Special Revenue	Total		
ASSETS							
Cash - unrestricted	\$ 906,677	\$ 5,158	\$ 911,835	\$ 1,085,008	\$ 1,996,843	\$ 1,265,336	
Cash - restricted	9,748,889	1,662,341	11,411,230		11,411,230	10,837,379	
Due from other funds			0		0	0	
Investments - unrestricted	3,043,800	877,837	3,921,637	372,413	4,294,050	4,215,446	
Investments - restricted		3,907,753	3,907,753		3,907,753	3,477,150	
	<u>\$ 13,699,366</u>	<u>\$ 6,453,089</u>	<u>\$ 20,152,455</u>	<u>\$ 1,457,421</u>	<u>\$ 21,609,876</u>	<u>\$ 19,795,311</u>	
LIABILITIES							
Due to other funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FUND BALANCE							
Assigned	9,748,889	6,453,089	16,201,978	0	16,201,978	15,190,337	
Unassigned	<u>3,950,477</u>	<u>0</u>	<u>3,950,477</u>	<u>1,457,421</u>	<u>5,407,898</u>	<u>4,604,974</u>	
	<u>13,699,366</u>	<u>6,453,089</u>	<u>20,152,455</u>	<u>1,457,421</u>	<u>21,609,876</u>	<u>19,795,311</u>	
	<u>\$ 13,699,366</u>	<u>\$ 6,453,089</u>	<u>\$ 20,152,455</u>	<u>\$ 1,457,421</u>	<u>\$ 21,609,876</u>	<u>\$ 19,795,311</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, 2019

	2019						2018	
	Major Funds		Non-Major Funds			Total Governmental Funds	Memorandum	
	General	Capital Projects	Total	Special Revenue	Debt Service	Total	Total	
REVENUES								
Taxes	\$ 6,323,734	\$	\$ 6,323,734	\$ 288,095	\$	\$ 288,095	\$ 6,315,714	
Licenses and permits	1,380,042		1,380,042			0	416,019	
Fines and forfeitures	44,333		44,333			0	57,230	
Interest income	124,785	31,832	156,617	6,508		6,508	123,644	
Intergovernmental revenue	487,301		487,301	422,590		422,590	1,226,982	
Charges for services -								
Other	1,391,517		1,391,517			0	789,111	
Solid waste collection and disposal	981,987		981,987			0	965,087	
Other		662,667	662,667			0	315,907	
	<u>10,733,699</u>	<u>694,499</u>	<u>11,428,198</u>	<u>717,193</u>	<u>0</u>	<u>717,193</u>	<u>10,209,694</u>	
EXPENDITURES								
Current								
General government	764,133	1,234,574	1,998,707			0	1,317,421	
Public safety	2,648,916	5,667	2,654,583			0	2,624,357	
Public works	2,276,956	258,712	2,535,668	479,388		479,388	2,909,814	
Recreation	939,823	529,673	1,469,496			0	1,180,614	
Other	1,192,966		1,192,966			0	917,378	
Debt Service								
Principal			0			0	0	
Interest			0			0	0	
	<u>7,822,794</u>	<u>2,028,626</u>	<u>9,851,420</u>	<u>479,388</u>	<u>0</u>	<u>479,388</u>	<u>8,949,584</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,910,905</u>	<u>(1,334,127)</u>	<u>1,576,778</u>	<u>237,805</u>	<u>0</u>	<u>237,805</u>	<u>1,260,110</u>	
OTHER FINANCING (USES) SOURCES								
Proceeds from issuing general obligation notes			0			0	0	
Operating transfers in	(1,020,299)	1,020,299	1,020,299			0	590,962	
Operating transfers out	(1,020,299)	1,020,299	(1,020,299)			(1,020,299)	(590,962)	
			0	0	0	0	0	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES	<u>1,890,606</u>	<u>(313,828)</u>	<u>1,576,778</u>	<u>237,805</u>	<u>0</u>	<u>237,805</u>	<u>1,260,110</u>	
FUND BALANCES, JANUARY 1	<u>11,808,760</u>	<u>6,766,917</u>	<u>18,575,677</u>	<u>1,219,616</u>	<u>0</u>	<u>1,219,616</u>	<u>18,535,201</u>	
FUND BALANCES, DECEMBER 31	<u>\$ 13,699,366</u>	<u>\$ 6,453,089</u>	<u>\$ 20,152,455</u>	<u>\$ 1,457,421</u>	<u>\$ 0</u>	<u>\$ 1,457,421</u>	<u>\$ 19,795,311</u>	

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

TOWNSHIP OF HANOVER
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Pension Trust	
	2019	2018
ASSETS		
Investments - restricted	<u>\$ 9,356,843</u>	<u>\$ 8,147,593</u>
LIABILITIES AND NET ASSETS		
LIABILITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET ASSETS		
Reserved for retirement benefits	<u>9,356,843</u>	<u>8,147,593</u>
	<u><u>\$ 9,356,843</u></u>	<u><u>\$ 8,147,593</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, 2019

	Pension Trust	
	2019	2018
ADDITIONS		
Township Contributions	\$ 442,927	\$ 419,915
Interest, dividends, and net unrealized gains/losses	<u>1,201,360</u>	<u>(391,227)</u>
	<u>1,644,287</u>	<u>28,688</u>
DEDUCTIONS		
Administrative expenses	50,946	61,617
Pension benefits	<u>384,091</u>	<u>356,342</u>
	<u>435,037</u>	<u>417,959</u>
CHANGE IN NET ASSETS	1,209,250	(389,271)
NET ASSETS, JANUARY 1	<u>\$ 8,147,593</u>	<u>8,536,864</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 9,356,843</u></u>	<u><u>\$ 8,147,593</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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 \$6,290,893. 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 \$15,318,983.

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.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2019

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 \$559,765,450 at 3.4 mills for general purposes and 0.5 mills for fire protection.

On April 20, 2020, the *Pennsylvania General Assembly* passed *Act 15*, which extends the May 31 tax date to November 30.

NOTE 4 COVID 19 UNCERTAINTY

The Township's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization and the Township issue a Disaster Declaration on March 16, 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Township's financial position, operating activities and cash flows. Possible effects may include, but are not limited to, disruption to the Township's tax base and revenue collections, absenteeism and unemployment in the labor workforce within the Township, unavailability of products and supplies used in operations, and a decline in value of assets held by the Township, including inventories, property and equipment, and marketable securities.

NOTE 5 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	\$ 6,396,638	\$ 269,000	\$	\$ 6,665,638
Infrastructure	2,891,611	211,141		3,102,752
Building & Improvements	9,718,417	29,451		9,747,868
Furniture and Equipment	4,779,016	226,580		5,005,596
	<u>\$ 23,785,682</u>	<u>\$ 736,172</u>	<u>\$ 0</u>	<u>\$ 24,521,854</u>
ACCUMULATED DEPRECIATION				
Building & Improvements	\$ 5,385,953	\$ 202,302	\$	\$ 5,588,255
Furniture and Equipment	762,352	108,933		871,285
	<u>\$ 6,148,305</u>	<u>\$ 311,235</u>	<u>\$ 0</u>	<u>\$ 6,459,540</u>

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2019

NOTE 6 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.

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 to five 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, 2019

NOTE 8 DEFINED BENEFIT PENSION PLAN

In accordance with bi-annual actuarial reporting

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, 2019, 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>2019</u>	<u>2018</u>
Active employees	11	11
Retirees and beneficiaries currently receiving benefits	10	9
Terminated employees entitled to benefits but not yet receiving them	2	3
Total	23	23

C Benefit Provisions

As of January 1, 2019, 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, 2019

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>
Domestic Equity	39%	International Equity	15%
Fixed Income	29%	Cash	17%

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2019

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, 2018 were as follows:

Total Pension Liability (TPL)	\$ 9,739,587
Plan Fiduciary Net Position	\$ 8,147,593
Net Pension Liability (NPL)	\$ 1,591,994

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.7%
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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, 2019. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2018.

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, 2018 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	6.44%	International Equity	7.26%
Mid Cap	7.22%	Fixed Income	3.62%
Small Cap	7.22%	Real Estate	4.76%
		Cash	0.75%

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2019

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	\$2,751,063	\$1,591,994	\$611,988

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2019

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 12/31/2017	\$ 9,227,561	\$ 8,536,865	\$ 690,696
Changes for the year:			
Service Cost	176,384		176,384
Interest	691,935		691,935
Changes in Benefit Terms			
Differences Between Expected and Actual Experience			
Changes of Assumptions			
Contributions - Employer		307,491	(307,491)
Contributions - State Aid		112,425	(112,425)
Contributions - Member			
Net Investment Income		(452,895)	452,895
Benefit Payments	(356,293)	(356,293)	
Administrative Expense			
Other Changes			
Balances at 12/31/2018	\$ 9,739,587	\$ 8,147,593	\$ 1,591,994

Pension Expense for Fiscal Year Ended December 31,2018:

Service Cost	\$ 176,384
Interest on Total Pension Liability	691,935
Changes in Benefit Terms	0
Differences Between Expected and Actual Experience	(81,620)
Changes of Assumptions	5,581
Employee Contributions	0
Projected Earnings on Pension Plan Investments	(634,777)
Differences Between Projected and Actual Earnings on Investments	314,070
Administrative Expense	0
Other Changes in Fiduciary Net Position	0
Total Pension Expense	\$ 471,573

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2019

NOTE 8 DEFINED BENEFIT PENSION PLAN

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the municipality recognized a pension expense of \$471,573. At December 31, 2018, 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	\$(355,050)
Changes in Assumptions	\$ 24,275
Net Difference Between Projected and Actual Earnings on Pension Plan Investments(Deferred Outflow)	\$ 917,196

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:	
2019	\$ 238,031
2020	127,451
2021	106,061
2022	141,497
2023	(26,619)

TOWNSHIP OF HANOVER
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2019

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	2016	2017	2018
Total Pension Liability				
Service Cost	\$ 169,211	\$ 177,672	\$ 167,985	\$ 176,384
Interest	619,136	654,353	655,233	691,935
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(518,290)	-
Changes of Assumptions	-	-	35,437	-
Benefit Payments, Including Refunds of Member Contributions	(327,251)	(327,251)	(328,233)	(356,293)
Net Change in Total Pension Liability	461,096	504,774	12,132	512,026
Total Pension Liability - Beginning	8,249,559	8,710,655	9,215,429	9,227,561
Total Pension Liability - Ending	\$ 8,710,655	\$ 9,215,429	\$ 9,227,561	\$ 9,739,587
Plan Fiduciary Net Position				
Contributions - Employer	\$ 361,911	\$ 323,358	\$ 324,851	\$ 307,491
Contributions - State Aid	90,179	96,242	110,118	112,425
Contributions - Member	-	-	-	-
Net Investment Income	(26,828)	425,844	749,102	(452,895)
Benefit Payments, Including Refunds of Member Contributions	(327,251)	(327,251)	(328,233)	(356,293)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	98,011	518,193	855,838	(389,272)
Plan Net Position - Beginning	7,064,823	7,162,834	7,681,027	8,536,865
Plan Net Position - Ending	\$ 7,162,834	\$ 7,681,027	\$ 8,536,865	\$ 8,147,593
Municipality's Net Pension Liability	\$ 1,547,821	\$ 1,534,402	\$ 690,696	\$ 1,591,994
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.2%	83.3%	92.5%	83.7%
Covered Employee Payroll	\$ 817,520	\$ 790,311	\$ 797,193	\$ 795,226
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	189.3%	194.2%	86.6%	200.2%

Notes to schedules:

Assumption Changes - In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA to the RP-2000 Table projected to 2017 using Scale AA.

Benefit Changes - 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, 2019

NOTE 8 DEFINED BENEFIT PENSION PLAN

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 330,304	\$ 371,166	\$ 372,093	\$ 402,318	\$ 396,668	\$ 369,164	\$ 336,288	\$ 323,358	\$ 324,851	\$ 307,490
Contributions in Relation to the Actuarially Determined Contribution	411,632	468,199	550,942	495,279	510,981	497,802	452,090	419,600	434,969	419,916
Contribution Deficiency (Excess)	\$ (81,328)	\$ (97,033)	\$ (178,850)	\$ (92,961)	\$ (114,313)	\$ (128,638)	\$ (115,802)	\$ (96,242)	\$ (110,118)	\$ (112,426)
Covered Employee Payroll	\$ 977,776	\$ 925,212	\$ 930,094	\$ 949,440	\$ 921,701	\$ 904,873	\$ 817,520	\$ 790,311	\$ 797,193	\$ 795,226
Contributions as a Percentage of Covered Employee Payroll	42.1%	50.6%	59.2%	52.2%	55.4%	55.0%	55.3%	53.1%	54.6%	52.8%

Notes to schedules:

Assumption Changes - In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA to the RP-2000 Table projected to 2017 using Scale AA.

Benefit Changes - None.

COMBINING SCHEDULES



TOWNSHIP OF HANOVER**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS****CAPITAL PROJECTS FUNDS - MAJOR FUNDS**DECEMBER 31, 2019

	Capital Reserve	Plans & Appeals	Impact Fees	Total
ASSETS				
Cash - unrestricted	\$ 1,956	\$	\$ 3,202	\$ 5,158
Cash - restricted		348,783	1,313,558	1,662,341
Investments - unrestricted	877,837			877,837
Investments - restricted	<u>3,907,753</u>			<u>3,907,753</u>
	<u>\$ 4,787,546</u>	<u>\$ 348,783</u>	<u>\$ 1,316,760</u>	<u>\$ 6,453,089</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	4,787,546	348,783	1,316,760	6,453,089
Unassigned				0
	<u>\$ 4,787,546</u>	<u>\$ 348,783</u>	<u>\$ 1,316,760</u>	<u>\$ 6,453,089</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, 2019

	Capital Reserve	Plans & Appeals	Impact Fees	Total
REVENUES				
Interest income	\$ 21,146	\$ 4,294	\$ 6,392	\$ 31,832
Charges for Service				0
Intergovernmental revenue				0
Developer contributions	387,857	192,146	82,664	662,667
	<u>409,003</u>	<u>196,440</u>	<u>89,056</u>	<u>694,499</u>
EXPENDITURES				
Current				
General Government	200,662	1,033,912		1,234,574
Public Safety	5,667			5,667
Public works	258,712			258,712
Cultural and recreation	529,673			529,673
	<u>994,714</u>	<u>1,033,912</u>	<u>0</u>	<u>2,028,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(585,711)</u>	<u>(837,472)</u>	<u>89,056</u>	<u>(1,334,127)</u>
OTHER FINANCING (USES) SOURCES				
Proceeds from issuing general obligation notes				0
Operating transfers in	1,020,299			1,020,299
Operating transfers out				
	<u>1,020,299</u>	<u>0</u>	<u>0</u>	<u>1,020,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND AND FINANCING (USES) SOURCES	434,588	(837,472)	89,056	(313,828)
FUND BALANCES, JANUARY 1	<u>4,352,958</u>	<u>1,186,255</u>	<u>1,227,704</u>	<u>6,766,917</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 4,787,546</u></u>	<u><u>\$ 348,783</u></u>	<u><u>\$ 1,316,760</u></u>	<u><u>\$ 6,453,089</u></u>

TOWNSHIP OF HANOVER**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS****SPECIAL REVENUE FUNDS - NONMAJOR FUNDS**DECEMBER 31, 2019

	Liquid Fuels	Fire Tax	Total
ASSETS			
Cash - unrestricted	\$ 518,347	\$ 566,661	\$ 1,085,008
Investments - unrestricted	<u>372,413</u>		<u>372,413</u>
	<u>\$ 890,760</u>	<u>\$ 566,661</u>	<u>\$ 1,457,421</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances:			
Unassigned	<u>890,760</u>	<u>566,661</u>	<u>1,457,421</u>
	<u>\$ 890,760</u>	<u>\$ 566,661</u>	<u>\$ 1,457,421</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, 2019

	Liquid Fuels	Fire Tax	Total
REVENUES			
Taxes	\$	\$ 288,095	\$ 288,095
Interest income	5,279	1,229	6,508
Intergovernmental revenue	422,590		422,590
	<u>427,869</u>	<u>289,324</u>	<u>717,193</u>
EXPENDITURES			
Current			
Public Safety			0
Public works	479,388		479,388
	<u>479,388</u>	<u>0</u>	<u>479,388</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(51,519)</u>	<u>289,324</u>	<u>237,805</u>
OTHER FINANCING (USES) SOURCES			
Operating transfers in			0
Operating transfers out			0
	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND AND FINANCING (USES) SOURCES	<u>(51,519)</u>	<u>289,324</u>	<u>237,805</u>
FUND BALANCES, JANUARY 1	<u>942,279</u>	<u>277,337</u>	<u>1,219,616</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 890,760</u></u>	<u><u>\$ 566,661</u></u>	<u><u>\$ 1,457,421</u></u>

**DETAIL SCHEDULES OF REVENUE
AND EXPENDITURES**



TOWNSHIP OF HANOVER
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>TAXES</i>			
Real Estate	\$ 1,859,038	\$ 1,951,607	\$ 92,569
Real Estate Transfer	250,000	380,196	130,196
Local Services Tax	530,000	614,538	84,538
Mercantile	550,000	824,992	274,992
Earned Income Tax	2,300,000	2,552,401	252,401
	<u>5,489,038</u>	<u>6,323,734</u>	<u>834,696</u>
<i>LICENSES AND PERMITS</i>			
Cable television licenses	191,983	197,031	5,048
Permits	257,015	1,183,011	925,996
	<u>448,998</u>	<u>1,380,042</u>	<u>931,044</u>
<i>FINES AND FORFEITURES</i>			
Forfeitures	0	0	0
Fines and Code Violations	47,460	44,333	(3,127)
	<u>47,460</u>	<u>44,333</u>	<u>(3,127)</u>
<i>INTEREST AND RENTS</i>			
Interest on investments	50,000	124,785	74,785
Rents	85,226	179,200	93,974
	<u>135,226</u>	<u>303,985</u>	<u>168,759</u>
<i>INTERGOVERNMENTAL REVENUE</i>			
State public utility tax	6,200	5,593	(607)
Other governments	0	0	0
Alcoholic beverage taxes	2,000	2,000	0
Foreign fire insurance premium tax	90,593	98,456	7,863
Recycling	60,000	74,040	14,040
Pension fund state aid	112,425	128,012	15,587
	<u>271,218</u>	<u>308,101</u>	<u>36,883</u>
<i>CHARGES FOR SERVICES</i>			
General Government	52,267	77,753	25,486
Solid waste collection and disposal	963,200	981,987	18,787
Sanitary sewer fee	140,886	773,367	632,481
Public Safety	7,429	10,533	3,104
Recreation & Community Center	567,773	529,864	(37,909)
	<u>1,731,555</u>	<u>2,373,504</u>	<u>641,949</u>
<i>OTHER</i>			
Proceeds from sale of fixed assets	0	0	0
Other	5,200	7	(5,193)
	<u>5,200</u>	<u>7</u>	<u>5,193</u>
TOTAL REVENUES	\$ 8,128,695	\$ 10,733,706	\$ 2,615,397

TOWNSHIP OF HANOVER
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<i>EXPENDITURES:</i>			
<i>GENERAL GOVERNMENT</i>			
Legislative and Governing Body	\$ 174,749	\$ 150,758	\$ 23,991
Executive / Manager	136,975	136,773	202
Financial services	16,000	12,989	3,011
Tax Collection	51,000	42,129	8,871
Legal services	45,000	30,125	14,875
Treasurer, Secretary and Clerk	238,378	242,145	(3,767)
Engineering services	23,075	14,961	8,114
Buildings and Plant	83,413	134,253	(50,840)
	<u>768,590</u>	<u>764,133</u>	<u>4,457</u>
<i>PUBLIC SAFETY</i>			
Police	1,994,236	1,994,235	1
Fire	330,956	328,918	2,038
Ambulance	0	0	0
Crossing Guards	14,965	14,465	500
Emergency Management	10,100	2,830	7,270
Animal Control	0	0	0
Protective Inspection	43,264	42,707	557
Planning and Zoning	291,680	265,761	25,919
	<u>2,685,201</u>	<u>2,648,916</u>	<u>36,285</u>
<i>PUBLIC WORKS</i>			
Recycling	60,000	31,963	28,037
Solid waste collection and disposal	919,500	910,960	8,540
Wastewater and sewage collection and disposal	155,623	129,437	26,186
Highways, Streets and General services	788,417	745,682	42,735
Winter maintenance	64,184	49,977	14,207
Traffic control	71,105	56,202	14,903
Street Lighting	130,000	130,079	(79)
Repairs of tools and machinery	622,099	83,346	538,753
Maintenance and repair of roads	101,000	116,773	(15,773)
Other public works	28,600	22,537	6,063
	<u>2,940,528</u>	<u>2,276,956</u>	<u>663,572</u>

TOWNSHIP OF HANOVER
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<i>EXPENDITURES (continued):</i>			
<i>RECREATION AND COMMUNITY</i>			
Libraries	200,232	200,232	0
Shade Tree	1,800	900	900
Open space	0	0	0
Recreation & Community Center	731,552	738,691	(7,139)
Community development	0	0	0
	<u>933,584</u>	<u>939,823</u>	<u>(6,239)</u>
<i>MISCELLANEOUS</i>			
Pension contributions	496,225	492,088	4,137
Workers compensation	52,544	27,866	24,678
Unemployment compensation	23,700	16,463	7,237
Employee Benefits	454,431	440,414	14,017
Insurance premiums	68,229	67,729	500
Social Security	134,873	134,837	36
Refund of prior year tax	0	0	0
Other	16,775	13,569	3,206
	<u>1,246,777</u>	<u>1,192,966</u>	<u>53,811</u>
<i>TOTAL EXPENDITURES</i>	<u>\$ 8,574,680</u>	<u>\$ 7,822,794</u>	<u>\$ 751,886</u>