

# **NEW HANOVER TOWNSHIP**

## **FINANCIAL STATEMENTS AND OTHER INFORMATION**

**Year Ended December 31, 2016**

  
*Barbara Atkins*  
certified public accountant  
relationships. service. integrity

## NEW HANOVER TOWNSHIP

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
New Hanover Township, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Hanover Township, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note #2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of *financial* statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Hanover Township, Pennsylvania, as of December 31, 2016, and respective changes in the modified cash basis financial position; and, when applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note #2.

### **Basis of Accounting**

We draw attention to Note #2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Hanover Township, Pennsylvania's basic financial statements. The budgetary comparison information and pension plans schedules of funding progress and employer contributions on pages 26 and 27, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Barbara A. Hines CPA*

Bechtelsville, Pennsylvania

February 16, 2017



**NEW HANOVER TOWNSHIP**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash & Investment	\$ 6,329,491	\$ 2,698,242	\$ 9,027,733
Due From Developers	209,818	0	209,818
Other Receivables	32,470	179,460	211,930
Note Receivable - Sewer Fund	210,000	0	210,000
Due From Other Funds	108,422	39,938	148,360
Property & Equipment - Net	0	36,907,053	36,907,053
<b>TOTAL ASSETS</b>	<b>6,890,201</b>	<b>39,824,693</b>	<b>46,714,894</b>
<b>LIABILITIES</b>			
Due To Other Funds	219,895	43,923	263,818
Sewer Revenue Notes Payable	0	4,876,000	4,876,000
Note Payable - General Fund	0	210,000	210,000
<b>TOTAL LIABILITIES</b>	<b>219,895</b>	<b>5,129,923</b>	<b>5,349,818</b>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	0	32,031,053	32,031,053
Restricted For:			
Capital Improvements to Sewer Plant	0	905,490	905,490
State Highway Aid	65,543	0	65,543
Fire Protection	21,005	0	21,005
Traffic Impact	2,135,038	0	2,135,038
Recreation	175,285	0	175,285
Open Space	576,029	0	576,029
Capital Projects	989,562	0	989,562
Technology	25,000	0	25,000
Unrestricted	2,682,844	1,758,227	4,441,071
<b>TOTAL NET POSITION</b>	<b>\$ 6,670,306</b>	<b>\$ 34,694,770</b>	<b>\$ 41,365,076</b>

*The Accompanying Notes are an Integral Part of the Financial Statements.*

**NEW HANOVER TOWNSHIP**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**Year Ended December 31, 2016**

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants & Contributions
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities:</b>			
General Government	\$ (764,176)	\$ 309,093	\$ 800
Public Safety			
Police	(1,435,211)	101,082	18,467
Fire	(325,900)	0	83,006
Ambulance	(4,800)	0	0
Code Enforcement, Planning & Zoning	(431,013)	207,355	0
Public Work - Recycling	(7,000)	0	0
Public Works - Highway & Street	(1,599,393)	266,537	466,256
Culture & Recreation	(246,791)	85,002	112,556
Debt Service - Principal & Interest	(1,410,008)	0	0
Employer Benefits - Pension	(296,133)	0	157,487
Insurance	(65,155)	0	0
Miscellaneous	(74,427)	83,758	5,381
<b>Total Governmental Activities</b>	<b>(6,660,007)</b>	<b>1,052,827</b>	<b>843,953</b>
<b>Business-type Activities</b>			
Sewer Fund	(2,047,235)	1,835,636	0
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ (8,707,242)</b>	<b>\$ 2,888,463</b>	<b>\$ 843,953</b>

**General Revenues**

Taxes:

Property Taxes

Earned Income Taxes

Other Taxes

Investment Earnings

**Total General Revenues**

**CHANGE IN POSITION**

**NET POSITION - BEGINNING**

**NET POSITION - ENDING**

*The Accompanying Notes are an Integral Part of the Financial Statements.*

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities (Modified Cash Basis)	Business-type Activities (Modified Cash Basis)	TOTAL
\$ (454,283)		\$ (454,283)
(1,315,662)		(1,315,662)
(242,894)		(242,894)
(4,800)		(4,800)
(223,658)		(223,658)
(7,000)		(7,000)
(866,600)		(866,600)
(49,233)		(49,233)
(1,410,008)		(1,410,008)
(138,646)		(138,646)
(65,155)		(65,155)
14,712		14,712
<u>(4,763,227)</u>		<u>(4,763,227)</u>
	\$ (211,599)	<u>(211,599)</u>
1,175,678	0	1,175,678
2,349,724	0	2,349,724
470,965	0	470,965
50,722	0	50,722
<u>4,047,089</u>	<u>0</u>	<u>4,047,089</u>
(716,138)	(211,599)	(927,737)
<u>7,386,444</u>	<u>34,906,369</u>	<u>42,292,813</u>
<u>\$ 6,670,306</u>	<u>\$ 34,694,770</u>	<u>\$ 41,365,076</u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*

**NEW HANOVER TOWNSHIP**  
**BALANCE SHEET - MODIFIED BASIS**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	SPECIAL REVENUE			
	General Fund	State Highway Aid	Fire Protection Tax	Transportation Impact
<b>ASSETS</b>				
Cash & Investments	\$ 2,413,665	\$ 65,543	\$ 21,005	\$ 2,134,377
Due From Developers	209,818	0	0	0
Other Receivables	32,470	0	0	0
Note Receivable - Sewer Fund	210,000	0	0	0
Due From Other Funds	43,864	0	0	951
<b>TOTAL ASSETS</b>	<u>\$ 2,909,817</u>	<u>\$ 65,543</u>	<u>\$ 21,005</u>	<u>\$ 2,135,328</u>
<b>LIABILITIES</b>				
Due To Other Funds	\$ 201,973	\$ 0	\$ 0	\$ 290
<b>TOTAL LIABILITIES</b>	<u>201,973</u>	<u>0</u>	<u>0</u>	<u>290</u>
<b>FUND BALANCES</b>				
Restricted For:				
State Highway Aid	0	65,543	0	0
Fire Protection	0	0	21,005	0
Traffic Impact	0	0	0	2,135,038
Recreation	0	0	0	0
Open Space	0	0	0	0
Capital Projects	0	0	0	0
Technology	25,000	0	0	0
Unrestricted	2,682,844	0	0	0
<b>TOTAL FUND BALANCES</b>	<u>2,707,844</u>	<u>65,543</u>	<u>21,005</u>	<u>2,135,038</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,909,817</u>	<u>\$ 65,543</u>	<u>\$ 21,005</u>	<u>\$ 2,135,328</u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*



**NEW HANOVER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED BASIS**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	General Fund	SPECIAL REVENUE		
		State Highway Aid	Fire Protection Tax	Transportation Impact
<b>REVENUES</b>				
Real Estate Taxes	\$ 734,799	\$ 0	\$ 216,940	\$ 0
Act 511 Taxes	2,281,998	0	0	0
License, Permits, & Fines	342,459	0	0	0
Interest & Rents	26,468	204	71	17,370
Intergovernmental	288,091	434,574	0	0
Charges For Service	237,493	0	0	0
Special Assessments	0	0	0	266,537
Contributions	800	0	0	0
Other	32,237	7,933	0	0
<b>TOTAL REVENUES</b>	<u>3,944,345</u>	<u>442,711</u>	<u>217,011</u>	<u>283,907</u>
<b>EXPENDITURES</b>				
General Government	756,423	0	0	3,503
Public Safety				
Police	1,435,211	0	0	0
Fire	115,838	0	210,062	0
Ambulance	4,800	0	0	0
Code Enf., Planning, Zoning	431,013	0	0	0
Public Works - Recycling	7,000	0	0	0
Public Works - Highway & Street	1,021,396	415,646	0	0
Culture & Recreation	36,020	0	0	0
Debt Service - Principal & Interest	0	0	0	0
Employer Benefits - Pension	286,215	0	0	0
Insurance	65,155	0	0	0
Miscellaneous	21,121	0	1,650	0
<b>TOTAL EXPENDITURES</b>	<u>4,180,192</u>	<u>415,646</u>	<u>211,712</u>	<u>3,503</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(235,847)	27,065	5,299	280,404
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	9,395	19,558	0	0
Transfers (Out)	(38,558)	0	0	0
<b>TOTAL FINANCING SOURCES (USES)</b>	<u>(29,163)</u>	<u>19,558</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	(265,010)	46,623	5,299	280,404
<b>FUND BALANCES - BEGINNING</b>	<u>2,972,854</u>	<u>18,920</u>	<u>15,707</u>	<u>1,854,634</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,707,844</u>	<u>\$ 65,543</u>	<u>\$ 21,006</u>	<u>\$ 2,135,038</u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*

<u>F U N D S</u>		<u>CAPITAL PROJECTS FUNDS</u>			
<u>Recreation</u>	<u>Total Special Revenue Funds</u>	<u>Open Space</u>	<u>Capital &amp; Road Machinery</u>	<u>Total Capital Projects Funds</u>	<u>Total Governmental Funds</u>
\$ 187,941	\$ 2,408,866	\$ 517,378	\$ 989,582	\$ 1,506,960	\$ 6,329,491
0	0	0	0	0	209,818
0	0	0	0	0	32,470
0	0	0	0	0	210,000
4,666	5,617	58,651	290	58,941	108,422
<u>\$ 192,607</u>	<u>\$ 2,414,483</u>	<u>\$ 576,029</u>	<u>\$ 989,872</u>	<u>\$ 1,565,901</u>	<u>\$ 6,890,201</u>
\$ 17,322	\$ 17,612	\$ 0	\$ 310	\$ 310	\$ 219,895
<u>17,322</u>	<u>17,612</u>	<u>0</u>	<u>310</u>	<u>310</u>	<u>219,895</u>
0	65,543	0	0	0	65,543
0	21,005	0	0	0	21,005
0	2,135,038	0	0	0	2,135,038
175,285	175,285	0	0	0	175,285
0	0	576,029	0	576,029	576,029
0	0	0	989,562	989,562	989,562
0	0	0	0	0	25,000
0	0	0	0	0	2,682,844
<u>175,285</u>	<u>2,396,871</u>	<u>576,029</u>	<u>989,562</u>	<u>1,565,591</u>	<u>6,670,306</u>
<u>\$ 192,607</u>	<u>\$ 2,414,483</u>	<u>\$ 576,029</u>	<u>\$ 1,979,124</u>	<u>\$ 3,131,182</u>	<u>\$ 6,890,201</u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*

FUNDS		Total Special Revenue Funds	CAPITAL PROJECTS FUNDS		Total Capital Projects Funds	Total Governmental Funds
Recreation			Open Space	Capital & Road Machinery		
\$ 111,969	s	328,909	\$ 0	\$ 111,969	\$ 111,969	\$ 1,175,677
0		0	538,691	0	538,691	2,820,689
0		0	0	0	0	342,459
21,998		39,643	365	21,824	22,189	88,300
		434,574	0	0	0	722,665
85,002		85,002	0	0	0	322,495
		266,537	0	0	0	266,537
2,525		2,525	0	108,859	108,859	112,184
2,480		10,413	0	2,260	2,260	44,910
<u>223,974</u>		<u>1,167,603</u>	<u>539,056</u>	<u>244,912</u>	<u>783,968</u>	<u>5,895,916</u>
0		3,503	4,250	0	4,250	764,176
0		0	0	0	0	1,435,211
0		210,062	0	0	0	325,900
0		0	0	0	0	4,800
0		0	0	0	0	431,013
0		0	0	0	0	7,000
0		415,646	0	162,351	162,351	1,599,393
210,771		210,771	0	0	0	246,791
0		0	1,410,008	0	1,410,008	1,410,008
9,918		9,918	0	0	0	296,133
0		0	0	0	0	65,155
2,852		4,502	0	851	851	26,474
<u>223,541</u>		<u>854,402</u>	<u>1,414,258</u>	<u>163,202</u>	<u>1,577,460</u>	<u>6,612,054</u>
433		313,201	(875,202)	81,710	(793,492)	(716,138)
0		19,558	0	19,000	19,000	47,953
0		0	0	(9,395)	(9,395)	(47,953)
0		19,558	0	9,605	9,605	0
433		332,759	(875,202)	91,315	(783,887)	(716,138)
174,851		2,064,112	1,451,230	898,248	2,349,478	7,386,444
<u>\$ 175,284</u>		<u>\$ 2,396,871</u>	<u>\$ 576,028</u>	<u>\$ 989,563</u>	<u>\$ 1,565,591</u>	<u>\$ 6,670,306</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**NEW HANOVER TOWNSHIP**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**December 31, 2016**

	Sewer Fund
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 2,698,242
Receivables - Connection Fees	124,175
Receivables - Front Footage Assessments	23,198
Receivables - Other	32,087
Due From Other Funds	39,938
	<u>2,917,640</u>
Total Current Assets	
<b>CAPITAL ASSETS</b>	
Property & Equipment - Net	<u>36,907,053</u>
<b>TOTAL ASSETS</b>	<u><u>39,824,693</u></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Current Portion of General Obligation & Guaranteed Revenue Notes	492,000
Current Portion of Note Payable - General Fund	70,000
Due To Other Funds	43,923
	<u>605,923</u>
Total Current Liabilities	
<b>NONCURRENT LIABILITIES</b>	
Sewer Revenue Notes Payable, Net of Current Portion	4,384,000
Note Payable - General Fund, Net of Current Portion	140,000
	<u>4,524,000</u>
Total Noncurrent Liabilities	
<b>TOTAL LIABILITIES</b>	<u><u>5,129,923</u></u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	32,031,053
Restricted for Capital Improvements	905,490
Unrestricted	1,758,227
	<u>34,694,770</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 34,694,770</u></u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*



**NEW HANOVER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2016**

	Sewer Fund
<b>OPERATING REVENUES</b>	
Sewer Rentals	\$ 1,665,725
Sewer Construction Design Fees	13,600
Sewer Conveyance Line Fees	31,880
Tapping Fees	107,569
Miscellaneous Income	7,719
	<u>1,826,493</u>
<b>OPERATING EXPENSES</b>	
Administrative	201,909
Legal	27,892
Engineering	77,884
Buildings and Plant	195,405
Sewage Disposal Operations	634,484
Insurance	22,643
Depreciation	755,872
	<u>1,916,089</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,916,089</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(89,596)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	9,143
Interest Expense - Notes	(110,066)
Refund of Prior Year Revenues	(21,080)
	<u>(122,003)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(122,003)</u>
<b>CHANGE IN NET POSITION</b>	(211,599)
<b>NET POSITION - BEGINNING</b>	<u>34,906,369</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 34,694,770</u></u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*

**NEW HANOVER TOWNSHIP**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2016**

	Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 1,826,493
Cash Payments to Suppliers for Goods and Services	(748,265)
Cash Payments to Employees for Services	(411,952)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>666,276</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(91,120)
Cash Paid for Principal Payments on Notes	(553,000)
Interest Paid on Notes	(110,066)
Net Repayments to Other Funds	(161,873)
Payments Received for Front Footage Assessment Receivables	43,673
<b>NET CASH (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(872,386)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	9,143
Repayment of Prior Year Revenues	(21,080)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>(11,937)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(218,047)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,916,289</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 2,698,242</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating (Loss)	\$ (89,596)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	<u>755,872</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ 666,276</u></u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*

**NEW HANOVER TOWNSHIP**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**December 31, 2016**

	Police Pension Fund	Non-Uniformed Pension Fund	TOTAL Pension Trust Funds	Agency Escrow Fund
<b>ASSETS</b>				
Cash & Investments	\$ 2,821,565	\$ 3,607,804	\$ 6,429,369	\$ 540,528
Due From Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>123,037</u>
<b>TOTAL ASSETS</b>	<u>2,821,565</u>	<u>3,607,804</u>	<u>6,429,369</u>	<u>663,565</u>
<b>LIABILITIES</b>				
Funds Held In Escrow	0	0	0	655,986
Due To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,579</u>
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u><u>\$ 663,565</u></u>
<b>NET POSITION</b>				
Net Position Held In Trust For Pension Benefits	<u>2,821,565</u>	<u>3,607,804</u>	<u>6,429,369</u>	
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,821,565</u></u>	<u><u>\$ 3,607,804</u></u>	<u><u>\$ 6,429,369</u></u>	

*The Accompanying Notes are an Integral Part of the Financial Statements.*

**NEW HANOVER TOWNSHIP**  
**STATEMENT OF CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUND**  
**For the Year Ended December 31, 2016**

	Police Pension Fund	Non-Uniformed Pension Funds	TOTAL Pension Trust Funds
<b>ADDITIONS</b>			
Contributions			
Township and Commonwealth of PA	\$ 164,884	\$ 168,203	\$ 333,087
Employees'	46,456	0	46,456
Interest	52,433	70,250	122,683
Net Unrealized Gains	164,168	222,284	386,452
Miscellaneous Income	732	88	820
<b>TOTAL ADDITIONS</b>	428,673	460,825	889,498
<b>DEDUCTIONS</b>			
Benefit Payments	65,231	115,294	180,525
Administrative Expenses	18,086	23,797	41,883
<b>TOTAL DEDUCTIONS</b>	83,317	139,091	222,408
<b>CHANGE IN NET POSITION</b>	345,356	321,734	667,090
<b>TOTAL NET POSITION - BEGINNING</b>	2,476,209	3,286,070	5,762,279
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 2,821,565</u>	<u>\$ 3,607,804</u>	<u>\$ 6,429,369</u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*



**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**Note #1 - Organization and Nature of Activities**

New Hanover Township, Montgomery County, Pennsylvania, is a Second Class Township, created in 1741. The Township is governed by five elected Supervisors who serve a six year term. The Supervisors have the power to establish policies to be carried out by the Township. The Board of Supervisors manages the Township with the assistance of a Township Manager who is appointed. The Township's major sources of revenue include real estate and local enabling taxes.

Reporting Entity

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable, and as such, be includable within the Township's financial statements. The Township is financially accountable if it appoints a voting majority of the organization governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. These financial statements include the departments and other organizational units over which the Board of Supervisors exercise oversight responsibility, including general government, police protection, recreation, public works and the Sewer Authority.

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- The Tax Collector is an elected officer who collects taxes on behalf of the Township, the Montgomery County and the Boyertown Area School District. The Township regards the Tax Collector's office as a separate entity and, therefore, does not account for its activity in the financial statements.
- New Hanover Volunteer Fire & Rescue Services and Gilbertsville Area Community Ambulance Services receive contributions from the Township. However, the majority of revenues generated are through private fundraisers under the direction of a separate independent board not appointed by the Supervisors. The Fire Department and Ambulance are organized under separate charters and, therefore, are not included in the financial statements.
- The New Hanover Township Authority is a separate legal entity. The Township Supervisors appoint the members of the Authority's Board and the Township has the ability to impose its will on the Authority. The activity of the Authority is included in these financial statements under the Sewer Fund.

**Note #2 - Significant Accounting Policies**

Basis of Accounting

The Township prepared these financial statements using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis.

Fund Financial Statements

The underlying accounting system of the Township is organized and operated on the basis of separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses.

**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #2 - Significant Accounting Policies (Continued)**

Fund Financial Statements (Continued)

**General Fund**

This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other source of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**Special Revenue Funds**

These funds are established to account for the cash receipts of specific sources other than expendable trust or major capital projects that are legally restricted to disbursements for specific purposes. The assets of these funds are in separate bank accounts and can only be used for the purpose designated for that fund. The Township cannot use these assets for general operating expenses; they are only to be used to support the original purpose of the fund. The Township's special revenue funds includes the following:

State Highway Aid Fund – This fund is used to account for the proceeds from the State Motor License Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. This fund must be kept separate from all other funds and no other funds shall be comingled with this fund.

Fire Protection Fund – This fund is used to account for the financial resources (real estate taxes 0.31 mills) to be used for fire protection.

Transportation Impact Fund – This fund is used to account for traffic impact fee studies related to new developments or zoning changes.

Recreation Fund – This fund accounts for the financial resources (real estate tax 0.16 mills) and charges for services to be used for the parks, pool and recreation activities and special events for the community of the Township.

**Capital Projects Fund**

These funds account for the financial resources to be used for the acquisition or construction of land and capital outlays.

Open Space Fund – This fund accounts for the financial resources (local earned income tax 0.15%) to be used for the acquisition of land to be preserved by the Township.

Capital Road & Machinery Fund – This fund accounts for the financial resources (real estate tax 0.16 mills) to be used for the acquisition or construction of capital outlays.

**Proprietary Fund**

This fund is used for business-like activities. Enterprise funds provide goods and services to the general public for a fee.

Sewer Fund – This fund accounts for the sanitary sewer revenues, operations of the sanitary sewer system, including personnel to operate the sanitary sewer system and sending sewer bills for the sanitary sewer system.



**COLEBROOKDALE TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #2 - Significant Accounting Policies (Continued)**

Fund Financial Statements (Continued)

**Fiduciary Funds**

These funds account for assets held in a trustee capacity, or as an agent for others and cannot be used to support the Township's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Police & Non-Uniformed Pension Funds - The Township is the trustee for its employees' pension plans. The Township cannot use these assets to finance operations.

Escrow Funds - These funds are used to account for assets held by the Township that are not available to support the Township's own programs.

Budget Policy

The Board of Supervisors annually adopts the budget for the General and Other Funds of the Township. Budgetary control is legally maintained at the fund level. The Township's budget policy provides transfer authority to the Supervisors within and between categories as long as the total budget of the Township (net of interfund transfers) is not increased. All budget amounts presented in the accompanying financial statements and additional information have been adjusted for legally authorized revisions to the annual budgets during the year.

Cash & Investments

The Township considers cash on hand, checking and money market accounts as cash.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted Assets

These assets of the Township are not restricted for any project or other purpose.

Spending Policy

The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore the default policy from the government accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts.

Minimum Fund Balance Policy

The Township has not formally adopted a minimum fund balance policy or have any formal stabilization arrangements in place.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COLEBROOKDALE TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #2 - Significant Accounting Policies (Continued)**

Real Estate Tax Calendar

Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2016 calendar year levied taxes on March 1, 2016 at 1.68 mills for general (1.05 mills); fire protection (0.31 mills); road machinery (0.16 mills); and recreation (0.16 mills) purposes. Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed a 10% penalty. Any unpaid taxes at the end of the year are required to be liened by January 15 with the County. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value.

Date of Management's Review

Management has evaluated subsequent events through February 16, 2017, the date on which the financial statements were available to be issued.

**Note #3 - Cash & Investments**

The components of cash and investments, except for petty cash, are in interest-bearing accounts as follows at December 31, 2016:

Petty Cash	\$	300
Township Deposits with BB&T Bank		4,481,163
Agency Escrow Deposits with BB&T Bank		540,528
Township Deposits with PLGIT		2,399,270
Township Certificates of Deposit		2,147,000
Pension Cash & Investments		<u>6,429,369</u>
Total		<u>\$15,997,630</u>
Township Deposits	\$	9,027,733
Fiduciary Deposits		<u>6,969,897</u>
Total		<u>\$15,997,630</u>

Custodial Credit Risk

Bank balances are categorized to give an indication of the level of risk assumed by the Township at year-end. The categories are described as follows:

<u>CATEGORY</u>	<u>DESCRIPTION</u>
1	Insured or collateralized with securities held by the Township or its agent in the Township's name.
2	Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
3	Uncollateralized.

At December 31, 2016, the carrying amount of the Township's bank deposits was \$9,027,433 and the bank balance was \$9,280,230, of which \$2,647,000 (Category 1) was directly covered by depository insurance. Under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure cash deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of depository insurance limits. The uninsured deposits (as defined by Statement No. 3 of the Governmental Accounting Standards Board) of the Township in the amount of \$4,483,960 (Category 3) at December 31, 2016 were collateralized by this pool of assets maintained by the Township's depository institutions.



**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #3 - Cash & Investments**

Custodial Credit Risk (Continued)

PLGIT is not registered with the Securities and Exchange Commission and is not subject to regulatory oversight. It acts like a money market mutual fund (net asset value of \$1 per share), is rated by a nationally recognized statistical organization, and is subject to an independent annual audit.

Restricted Cash

At December 31, 2016, \$4,078,011 of the Township's cash and investments were restricted.

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Note #4 - Interfund Receivables/Payables**

Interfund receivables and payables exist as a result of the time lag between the dates when goods or services are provided and payments between funds are made. Interfund balances as of December 31, 2016 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 43,864	\$ 201,973
Transportation Impact Fund	951	290
Recreation Fund	4,666	17,322
Open Space Fund	58,651	0
Capital & Road Machinery Fund	290	310
Sewer Fund	39,938	43,923
Agency Escrow Fund	<u>123,037</u>	<u>7,579</u>
Total	<u>\$ 271,397</u>	<u>\$ 271,397</u>

**Note #5 - Capital Assets – Business-type Activities**

Proprietary Funds record capital assets and depreciation expense. Capital assets are defined by the Authority (Sewer Fund) as assets with a useful life in excess of one year and an initial cost of \$5,000 or more and are recorded at historical cost. Depreciation of capital assets is computed on the straight-line method over the following estimated useful lives:

Sanitary Sewer System	50 - 110 years
Wastewater Treatment Plant	50 years
Vehicles	7 - 10 years
Equipment	5 - 15 years

Maintenance and repairs of capital assets are charged to operation and major improvements are capitalized. Authority (Sewer Fund) organization expenses (feasibility studies, planning studies, valuation of systems to be acquired, etc.) are considered to be a component of property and equipment. Upon retirement, sale or disposition of capital assets, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #5 - Capital Assets - Business-type Activities (Continued)**

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Management has concluded that no impairment reserves are required as of December 31, 2016.

Construction in progress is stated at cost. Depreciation on construction in progress is computed on the straight-line method over the estimated useful lives of the assets when they are placed in service.

Capital assets of the Authority (Sewer Fund) at December 31, 2016 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Land	\$ 2,743,421	\$ 0	\$ 0	\$ 2,743,421
Sanitary Sewer System	19,230,596	0	0	19,230,596
Wastewater Treatment Plant	25,431,803	0	0	25,431,803
Vehicles	76,683	0	0	76,683
Equipment	180,848	19,031	0	199,879
Construction-In-Progress	0	72,089	0	72,089
Total Capital Assets	47,663,351	91,120	0	47,754,471
Less: Accumulated Depreciation	(10,845,745)	(1,673)	0	(10,847,418)
Total Capital Assets, Net	<u>\$ 37,817,606</u>	<u>\$ 89,447</u>	<u>\$ 0</u>	<u>\$ 36,907,053</u>

Construction-In-Progress at December 31, 2016 totals \$72,089 for the Interceptor Project.

**Note #6 - Long-Term Debt - Business-type Activities**

At December 31, 2016, long-term debt of the Authority (Sewer Fund) consisted of the following:

	BALANCE OUTSTANDING 2015	ADDITIONS (REDUCTIONS)	BALANCE OUTSTANDING 2016
General Obligation Note, Series of 1998, initial issue \$7,500,000, interest at 2.03% maturing in various amounts through 2027.	\$ 4,188,000	\$ (344,000)	\$ 3,844,000
Guaranteed Revenue Note, Series of 2002, initial issue \$2,500,000, interest at 1.72% maturing in various amounts through 2023.	1,171,000	(139,000)	1,032,000
Note Payable to the General Fund, to refund the General Obligation Bonds, Series of 1999, Principal payments of \$70,000 per year plus interest at 3%. Matures July, 2019.	<u>280,000</u>	<u>(70,000)</u>	<u>210,000</u>
Total	<u>\$ 5,639,000</u>	<u>\$ (553,000)</u>	<u>\$ 5,086,000</u>

**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016  
(Continued)

**Note #6 - Long-Term Debt - *Business-type Activities* (Continued)**

Aggregate debt service requirements of the Authority (Sewer Fund) are as follows:

<u>YEAR ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>
2017	\$ 562,000	\$ 102,084	\$ 664,084
2018	571,000	90,433	661,433
2019	580,000	78,606	658,606
2020	519,000	66,603	585,603
2021	530,000	56,523	586,523
Thereafter	<u>2,324,000</u>	<u>132,473</u>	<u>2,456,473</u>
Total	<u>\$ 5,086,000</u>	<u>\$ 526,722</u>	<u>\$ 5,612,722</u>

Total interest paid on the notes in 2016 was \$110,066.

**Note #7 - Long-Term Debt - *Governmental Activities***

At December 31, 2016, long-term debt of the Open Space Fund consisted of the following:

	<u>BALANCE OUTSTANDING 2015</u>	<u>ADDITIONS (REDUCTIONS)</u>	<u>BALANCE OUTSTANDING 2016</u>
General Obligation Note, Series 2011, initial issue \$3,000,000, interest at 2.98% through February 2021, then an adjustable rate equal to (65%) of the Wall Street Journal Prime Rate not to exceed 4.00% and not less than 2.98%. Matures May 2031.	<u>\$ 2,209,717</u>	<u>\$ (1,363,275)</u>	<u>\$ 846,442</u>

The note is for capital acquisitions in the Township. On February 22, 2016, the Board of Supervisors approved to use \$1,200,000 from the Open Space Fund cash and investments to reduce the note payable balance.

Aggregate debt service requirements of the Open Space Fund are as follows:

<u>YEAR ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>
2017	\$ 147,310	\$ 59,952	\$ 207,262
2018	151,749	55,513	207,262
2019	156,322	50,940	207,262
2020	161,033	46,229	207,262
2021	151,504	55,758	207,262
Thereafter	<u>78,524</u>	<u>3,141</u>	<u>81,665</u>
Total	<u>\$ 846,442</u>	<u>\$ 271,533</u>	<u>\$ 1,117,975</u>

Total interest paid on the note in 2016 was \$46,733.



**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #8 - Pension Plan**

The Township administers and contributes to two defined benefit plans: a Police Pension plan for police officers and a Non-uniformed Pension plan for municipal employees of the Township. The plans are governed by the Board of Supervisors, who are responsible for the management of the plan assets. The Board of Supervisors has delegated the management of certain plan assets to an investment advisor. The assets of the Plans are invested separately and each Plan's assets may be used only for the payment of benefits to the members of the Plans, in accordance with the terms of the Plans.

Plan Descriptions, Contribution Information, and Funding Policies

**Plan Description**

The New Hanover Township Police Pension Plan and New Hanover Township Non-Uniform Employees' Pension Plan are single-employer defined benefit pension plans that provide retirement, disability and death benefits to plan members and their beneficiaries. Plan provisions are established by Township ordinance with the authority for contributions required by Act 205 of the Commonwealth of Pennsylvania.

**Police Pension Plan**

The Township contributes to the New Hanover Township Police Pension Plan, which is a single-employer public employee retirement system (PERS). All full-time members of the police force join the Plan upon completion of the first of the month coincident with or next following date of hire. Under the provisions of the Township's Pension Plan, pension benefits vest 100% after 12 years of service. Normal retirement is attained at the age of 55 and completion of 25 years of service. The normal retirement pension is payable monthly, equal to 50% of Final Average Salary (FAS), which is based on the last 3 years annualized salary, plus \$25 per month for each year of service beyond 25 years to a maximum of \$100 per month after 29 years. The Pension Plan also provides for death benefits and disability benefits to plan members and their beneficiaries. Member contributions for 2016 were 5% of compensation totaling \$46,456. The Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes.

**Non-Uniformed Employees' Pension Plan**

The Township contributes to the Colebrookdale Township Non-Uniform Employees' Pension Plan, which is a single employer public employee retirement system (PERS). All employees become members of the Plan the first of the month coincident with or next following date of hire. Under the provisions of the Township's Pension Plan, pension benefits vest at 100% after 5 years. An employee may retire at age 60 and receive a monthly pension equal to 2% of FAS. The Pension Plan provides for death benefits and disability benefits to plan members and their beneficiaries. No member contributions are required. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

**Plan Membership**

At January 1, 2015, the latest valuation dates, the Township pension plans' memberships consisted of:

	<u>POLICE</u>	<u>NON- UNIFORMED</u>
Active employees	9	16
Retirees and beneficiaries currently receiving benefits	1	7
Terminated employees entitled to benefits but are not yet receiving them	<u>3</u>	<u>10</u>
Total Membership	<u>13</u>	<u>33</u>



**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #8 - Pension Plan (Continued)**

Plan Descriptions, Contribution Information, and Funding Policies (Continued)

**Basis of Accounting**

The Pension Plan's accounting policies are the same as those described in Note #2.

**Valuation of Investments**

Pension plan investments are reported at fair value based on quoted market values. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

**Funding Status and Progress**

The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial accrued liability produced by the Entry Age Normal Actuarial Cost method. This method is used for plan funding and is allowed, in lieu of the standardized measure, for smaller municipalities. It is intended to help users assess the pension plans' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS. The measure is independent of the actuarial funding method used to determine contributions to the PERS, discussed below. Administrative costs are financed through the plans' investment earnings.

**Annual Pension Cost, Net Pension Obligation and Reserves**

The police pension benefit obligation was determined as part of an actuarial valuation at January 1, 2015. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7% per year compounded annually, and (b) projected salary increases of 4% per year compounded annually.

The non-uniformed employees pension benefit obligation was determined as part of an actuarial valuation at January 1, 2015. Significant actuarial assumptions used include (a) a rate of return on the investments of present and future assets of 7% per year compounded annually, and (b) projected salary increases of 4% per year compounded annually.

**Past Service Costs**

There are no unfunded liabilities for either plan for past service costs.

**Contributions Required**

The pension plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate suitable assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The pension plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period. Total contributions to the Police and Non-Uniformed Pension Plans in 2016 amounted to \$164,884 and \$168,203, respectively, consisting of \$157,487 of State Aid and \$175,600 contributed by the Township.

**NEW HANOVER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
**(Continued)**

**Note #9 - Commitments and Contingencies**

Commitments

**Compensated Absences**

Non-uniformed Township employees are entitled to vacation, compensatory time off and sick pay. Up to (5) days of vacation pay may be carried over into the next year but must be used by March 15<sup>th</sup> of the following year or it will be lost. Sick leave may be accumulated up to a maximum of (30) days. The approximate value of accumulated Non-uniform vacation, compensatory time off and sick pay at December 31, 2016 is \$74,880.

The Police Chief and Police are also entitled to vacation, compensatory time off and sick pay according to the Police Chief Contract and Police Contract. The Police Chief can carryover up to (2) days of vacation pay. The Police may not carry over vacation. The Police Chief cannot carry over sick leave, while the Police can carryover a maximum of 1,320 hours. The approximate value of accumulated Police Chief and Police vacation, compensatory time off and sick pay at December 31, 2016 is \$275,976.

Accumulated sick pay of an employee who retires from the Township will be compensated at 50% of the employee's hourly rate for all sick days accumulated over 20 days (Non-uniform) and over 1,320 hours (Police). The approximate value at December 31, 2016 is \$83,674.

Contingencies

**Litigation**

The Township is involved in a number of lawsuits. The ultimate outcome of the cases and the range of any loss of revenue to the Township cannot be determined at present.

**Note #8 - Stewardship, Compliance and Accountability**

The Township had no material violations of finance-related legal and contractual provisions.

**Note #9 - Risk Management**

The Township is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss.

## OTHER INFORMATION



**NEW HANOVER TOWNSHIP**  
**(UNAUDITED)**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - MODIFIED BASIS**  
**December 31, 2016**

	Original/ Final Budget	Actual	Variance
<b>REVENUES</b>			
Real Estate Taxes	\$ 729,000	\$ 734,799	\$ 5,799
Act 511 Taxes	2,246,500	2,281,998	35,498
License, Permits, & Fines	310,025	342,459	32,434
Interest & Rents	26,000	26,468	468
Intergovernmental	239,300	288,091	48,791
Charges For Service	229,625	237,493	7,868
Contributions	0	800	800
Other	4,700	32,237	27,537
<b>TOTAL REVENUES</b>	<u>3,785,150</u>	<u>3,944,345</u>	<u>159,195</u>
<b>EXPENDITURES</b>			
General Government	733,521	756,423	22,902
Public Safety			
Police	1,426,583	1,435,211	8,628
Fire	112,000	115,838	3,838
Ambulance	4,800	4,800	0
Code Enforcement, Planning, Zoning	500,698	431,013	(69,685)
Public Works - Recycling	3,750	7,000	3,250
Public Works - Highway & Street	1,047,336	1,021,396	(25,940)
Culture & Recreation	56,150	36,020	(20,130)
Employer Benefits - Pension	286,215	286,215	0
Insurance	56,500	65,155	8,655
Miscellaneous	1,000	21,121	20,121
<b>TOTAL EXPENDITURES</b>	<u>4,228,553</u>	<u>4,180,192</u>	<u>(48,361)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(443,403)	(235,847)	207,556
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	9,395	9,395	0
Transfers (Out)	(69,000)	(38,558)	30,442
<b>TOTAL FINANCING SOURCES (USES)</b>	<u>(59,605)</u>	<u>(29,163)</u>	<u>30,442</u>
<b>NET CHANGE IN FUND BALANCES</b>	(503,008)	(265,010)	237,998
<b>FUND BALANCES - BEGINNING</b>	2,972,854	2,972,854	0
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,469,846</u>	<u>\$ 2,707,844</u>	<u>\$ 237,998</u>

*The Accompanying Notes are an Integral Part of the Financial Statements.*



**NEW HANOVER TOWNSHIP  
(UNAUDITED)  
PENSION PLANS SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
December 31, 2016**

**Funded Status and Funding Progress**

**Police Pension Plan**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2005	958,984	985,811	97.28%	26,827	437,630	6.13%-)
2007	1,256,096	1,303,222	96.38%	47,126	599,328	7.86%-)
2009	1,236,287	1,634,697	75.63%	398,410	741,385	53.74%-)
2011	1,547,144	1,964,518	78.75%	417,374	653,731	63.84%-)
2013	1,786,012	2,527,174	70.67%	741,162	Not Available	0.00%-)
2015	2,355,330	2,818,942	83.55%	463,612	825,444	56.16%-)

**Non-Uniformed Employees Pension Plan**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2005	1,020,872	1,296,162	78.76%	275,290	747,024	36.85%
2007	1,509,760	1,628,891	92.69%	119,131	745,390	15.98%
2009	1,594,886	1,992,329	80.05%	397,443	895,208	44.40%
2011	2,069,834	2,266,403	117.35%	196,569	817,971	24.03%
2013	2,461,101	2,869,981	108.51%	408,880	Not Available	0.00%
2015	3,245,258	2,970,640	113.47%	(274,618)	753,503	(36.45%)

**Schedule of Employer Contributions**

Fiscal Year	POLICE			NON-UNIFORMED		
	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (NPO)	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (NPO)
2008	\$ 85,485	100%	-	\$ 169,962	100%	-
2009	\$ 87,615	100%	-	\$ 169,711	100%	-
2010	\$ 107,905	100%	-	\$ 177,004	100%	-
2011	\$ 125,518	100%	-	\$ 165,792	109%	-
2012	\$ 99,743	100%	-	\$ 162,617	100%	-
2013	\$ 112,559	100%	-	\$ 173,536	100%	-
2014	\$ 116,466	224%	-	\$ 159,873	100%	-
2015	\$ 164,506	101%	-	\$ 147,968	100%	-
2016	\$ 164,884	110%	-	\$ 168,203	100%	-