

NEW HANOVER TOWNSHIP
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2018



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
New Hanover Township
Gilbertsville, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Hanover Township (the Township), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise New Hanover Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 opinion.

Basis for Adverse Opinion

As discussed in Note B to the financial statements, the Township has not recorded capital assets related to governmental activities and depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated. The amount by which this departure would affect assets, net position, and changes in fund balance/net position is not reasonably determinable.

To the Board of Supervisors
New Hanover Township
Gilbertsville, Pennsylvania

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the statement of net position, and statement of activities do not present fairly the financial position of the governmental activities of the Township as of December 31, 2018, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the balance sheet - governmental funds, statement of revenues, expenditures, and changes in fund balances - governmental funds, statement of net position - proprietary funds, statement of revenues, expenses and changes in net position - proprietary funds, statement of cash flows - proprietary funds, statement of net position - fiduciary funds, and statement of changes in net position - fiduciary funds present fairly, in all material respects, the respective financial position of New Hanover Township, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 44 to 51 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.

Management has omitted *the management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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


Oaks, Pennsylvania
June 18, 2019

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash	\$ 6,904,114	\$ 3,546,249	\$ 10,450,363
Investments	549,000	-	549,000
Internal balances	95,543	(95,543)	-
Due from fiduciary funds	56,156	2,106	58,262
Accounts receivable	84,837	325,594	410,431
Taxes receivable	888,070	-	888,070
Intergovernmental receivable	19,351	-	19,351
Due from developers	93,770	-	93,770
Prepays	98	-	98
Net pension asset	106,031	58,104	164,135
Capital assets			
Land	-	2,743,421	2,743,421
Sanitary sewer system	-	19,230,596	19,230,596
Wastewater treatment plant	-	25,431,803	25,431,803
Vehicles	-	95,451	95,451
Equipment	-	243,258	243,258
Construction in progress	-	1,804,267	1,804,267
Accumulated depreciation	-	(12,350,924)	(12,350,924)
TOTAL ASSETS	8,796,970	41,034,382	49,831,352
DEFERRED OUTFLOWS OF RESOURCES			
Pension	384,648	87,466	472,114
LIABILITIES			
Accounts payable	63,655	36,175	99,830
Accrued salaries	95,595	17,798	113,393
Accrued interest payable	1,174	22,239	23,413
Long-term liabilities			
Notes payable, current portion	195,344	511,000	706,344
Notes payable, long-term portion	277,385	5,371,000	5,648,385
Compensated absences payable	104,660	9,223	113,883
Net pension liability	185,555	-	185,555
TOTAL LIABILITIES	923,368	5,967,435	6,890,803
NET POSITION			
Net investment in capital assets	(472,729)	31,315,872	30,843,143
Restricted	4,254,143	-	4,254,143
Unrestricted	4,476,836	3,838,541	8,315,377
TOTAL NET POSITION	\$ 8,258,250	\$ 35,154,413	\$ 43,412,663

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
General government	\$ 824,022	\$ 298,764	\$ 4,292
Public safety - police	1,711,286	74,778	3,054
Public safety - fire	322,477	-	71,025
Public safety - code enforcement, planning, zoning	334,885	216,831	-
Public works - highways and streets	1,935,321	-	496,635
Culture and recreation	221,874	73,738	500
Community development	27,981	-	-
Debt service	3,180	-	-
Employer benefits - pensions	-	-	167,036
Insurance	16,998	-	-
Miscellaneous	760	-	-
TOTAL GOVERNMENTAL ACTIVITIES	5,398,784	664,111	742,542
BUSINESS-TYPE ACTIVITIES			
Sewer	2,386,578	2,191,479	29,708
	\$ 7,785,362	\$ 2,855,590	\$ 772,250

GENERAL REVENUES

- Taxes
 - Real estate taxes
 - Real estate transfer
 - Per capita
 - Earned income
 - Local services
- Interest income
- Proceeds from disposal of assets
- Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Totals</u>
\$ (520,966)	\$ -	\$ (520,966)
(1,633,454)	-	(1,633,454)
(251,452)	-	(251,452)
(118,054)	-	(118,054)
(1,438,686)	-	(1,438,686)
(147,636)	-	(147,636)
(27,981)	-	(27,981)
(3,180)	-	(3,180)
167,036	-	167,036
(16,998)	-	(16,998)
<u>(760)</u>	<u>-</u>	<u>(760)</u>
(3,992,131)	-	(3,992,131)
<u>-</u>	<u>(165,391)</u>	<u>(165,391)</u>
<u>(3,992,131)</u>	<u>(165,391)</u>	<u>(4,157,522)</u>
1,209,791	-	1,209,791
423,252	-	423,252
36,489	-	36,489
2,731,652	-	2,731,652
11,367	-	11,367
121,184	39,554	160,738
32,165	7,350	39,515
<u>269,068</u>	<u>-</u>	<u>269,068</u>
<u>4,834,968</u>	<u>46,904</u>	<u>4,881,872</u>
842,837	(118,487)	724,350
<u>7,415,413</u>	<u>35,272,900</u>	<u>42,688,313</u>
<u>\$ 8,258,250</u>	<u>\$ 35,154,413</u>	<u>\$ 43,412,663</u>

NEW HANOVER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<u>General Fund</u>	<u>Open Space</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 2,860,264	\$ 999,629	\$ 3,044,221	\$ 6,904,114
Investments	400,000	-	149,000	549,000
Due from other funds	550,938	337,802	400,755	1,289,495
Due from fiduciary funds	44,881	-	11,275	56,156
Accounts receivable	84,432	-	405	84,837
Taxes receivable	687,443	185,683	14,944	888,070
Intergovernmental receivable	19,351	-	-	19,351
Due from developers	93,770	-	-	93,770
Prepays	98	-	-	98
TOTAL ASSETS	\$ 4,741,177	\$ 1,523,114	\$ 3,620,600	\$ 9,884,891
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 47,613	\$ -	\$ 16,042	\$ 63,655
Accrued salaries	93,512	-	2,083	95,595
Due to other funds	826,662	-	367,290	1,193,952
TOTAL LIABILITIES	967,787	-	385,415	1,353,202
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	20,927	-	8,561	29,488
Unavailable revenue, other taxes	302,935	90,209	-	393,144
TOTAL DEFERRED INFLOWS OF RESOURCES	323,862	90,209	8,561	422,632
FUND BALANCES				
Nonspendable	98	-	-	98
Restricted				
Fire Protection	-	-	36,903	36,903
Recreation	-	-	231,038	231,038
Traffic impact	-	-	1,906,740	1,906,740
State Highway Aid	-	-	896	896
Open Space	-	1,432,905	-	1,432,905
Capital projects	-	-	645,661	645,661
Assigned				
Capital projects	-	-	405,386	405,386
Unassigned	3,449,430	-	-	3,449,430
TOTAL FUND BALANCES	3,449,528	1,432,905	3,226,624	8,109,057
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 4,741,177	\$ 1,523,114	\$ 3,620,600	\$ 9,884,891

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 8,109,057
<p>Amounts reported for governmental activities in the statement of net position are difference because:</p>	
<p>Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.</p>	422,632
<p>The net pension asset is not an available resource and, therefore, is not reported in the funds</p>	106,031
<p>Deferred outflows and inflows of resources related to the pension plans will not be paid or received in the current period and, therefore, are not reported in the funds</p>	384,648
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in as liabilities in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2018 are as follows:</p>	
Notes payable	(472,729)
Accrued interest payable	(1,174)
Net pension liability	(185,555)
Compensated absences payable	(104,660)
	<hr/>
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES	\$ <u><u>8,258,250</u></u>

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>	<u>Open Space</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Real estate	\$ 754,677	\$ -	\$ 449,931	\$ 1,204,608
Real estate transfer	423,252	-	-	423,252
Per capita	36,489	-	-	36,489
Earned income	2,081,462	618,614	-	2,700,076
Local services	10,726	-	-	10,726
Licenses and permits	245,619	-	-	245,619
Fines and forfeits	74,778	-	-	74,778
Interest and rents	82,011	6,181	32,992	121,184
Intergovernmental revenues	169,267	-	553,272	722,539
Charges for services	265,768	-	58,886	324,654
Reimbursement from fiduciary funds	245,698	-	-	245,698
Miscellaneous	27,578	-	34,855	62,433
TOTAL REVENUES	<u>4,417,325</u>	<u>624,795</u>	<u>1,129,936</u>	<u>6,172,056</u>
EXPENDITURES				
General government	708,051	-	107,613	815,664
Public safety				
Police	1,711,228	-	46,560	1,757,788
Fire	-	-	322,477	322,477
Code enforcement, planning, zoning	328,848	-	-	328,848
Public works - highway and streets	1,105,578	-	811,287	1,916,865
Culture and recreation	10,650	-	206,192	216,842
Community development	-	27,981	-	27,981
Debt service	-	207,263	-	207,263
Insurance	16,998	-	-	16,998
Miscellaneous	760	-	-	760
TOTAL EXPENDITURES	<u>3,882,113</u>	<u>235,244</u>	<u>1,494,129</u>	<u>5,611,486</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>535,212</u>	<u>389,551</u>	<u>(364,193)</u>	<u>560,570</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	169,470	-	580,763	750,233
Transfers out	(288,840)	-	(461,393)	(750,233)
Proceeds from disposal of assets	-	-	32,165	32,165
TOTAL OTHER FINANCING SOURCES (USES)	<u>(119,370)</u>	<u>-</u>	<u>151,535</u>	<u>32,165</u>
NET CHANGE IN FUND BALANCES	415,842	389,551	(212,658)	592,735
FUND BALANCES AT BEGINNING OF YEAR	<u>3,033,686</u>	<u>1,043,354</u>	<u>3,439,282</u>	<u>7,516,322</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,449,528</u>	<u>\$ 1,432,905</u>	<u>\$ 3,226,624</u>	<u>\$ 8,109,057</u>

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 592,735

The change in net position reported for governmental activities in the statement of activities is different because:

Some taxes will not be collected for several months after year-end. These taxes are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased (increased) by this amount during the year.

Real estate	5,183	
Other taxes	32,217	
	37,400	37,400

Governmental funds report interest paid on bonds payable as expenditures. However, in the statement of activities, interest is matched to the period in which it was incurred. This amount is the net effect of matching interest expense to the proper period.

14,453

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

Principal repayments		189,630
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Certain governmental activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net pension expense	13,615	
Compensated absences payable	(4,996)	
	8,619	8,619

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 842,837

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	<u>Sewer</u>
ASSETS	
CURRENT ASSETS	
Cash, unrestricted	\$ 3,546,249
Accounts receivable	198,937
Receivable - connection fees	103,459
Receivable - front footage assessments	23,198
Due from other funds	88,105
Due from fiduciary funds	2,349
TOTAL CURRENT ASSETS	<u>3,962,297</u>
NONCURRENT ASSETS	
Capital assets:	
Land	2,743,421
Sanitary sewer system	19,230,596
Wastewater treatment plant	25,431,803
Vehicles	95,451
Equipment	243,258
Construction in progress	1,804,267
Less accumulated depreciation	<u>(12,350,924)</u>
TOTAL CAPITAL ASSETS	<u>37,197,872</u>
Net pension asset	58,104
TOTAL NONCURRENT ASSETS	<u>37,255,976</u>
TOTAL ASSETS	<u>41,218,273</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	<u>87,466</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	36,175
Accrued salaries	17,798
Accrued interest payable	22,239
Due to other funds	183,648
Due to Fiduciary Funds	243
Notes payable, current portion	511,000
TOTAL CURRENT LIABILITIES	<u>771,103</u>
NONCURRENT LIABILITIES	
Notes payable, long-term portion	5,371,000
Compensated absences payable	9,223
TOTAL NONCURRENT LIABILITIES	<u>5,380,223</u>
TOTAL LIABILITIES	<u>6,151,326</u>
NET POSITION	
Net investment in capital assets	31,315,872
Unrestricted	3,838,541
TOTAL NET POSITION	<u>\$ 35,154,413</u>

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>Sewer</u>
OPERATING REVENUES	
Sewer charges	\$ 2,044,782
Construction design fees	400
Tapping fees	120,053
Conveyance line fee	21,694
Miscellaneous	4,550
TOTAL OPERATING REVENUES	<u>2,191,479</u>
OPERATING EXPENSES	
Administrative	383,305
Legal	40,117
Engineering	51,042
Professional fees	24,561
Buildings and plant	591,898
Sewage disposal operations	375,220
Insurance	19,083
Depreciation	760,435
TOTAL OPERATING EXPENSES	<u>2,245,661</u>
OPERATING INCOME	<u>(54,182)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	29,708
Interest income	39,554
Gain on disposal of property	7,350
Debt service	
Interest	<u>(140,917)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(64,305)</u>
CHANGE IN NET POSITION	(118,487)
NET POSITION AT BEGINNING OF YEAR, restated	<u>35,272,900</u>
NET POSITION AT END OF YEAR	<u>\$ 35,154,413</u>

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,219,756
Payments to suppliers	(3,476,257)
Payments to employees	(191,034)
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,447,535)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvements of capital assets	(28,379)
Intergovernmental revenues	29,708
Proceeds from sales of assets	7,350
Interest paid	(140,928)
Principal paid on bonds	(642,000)
NET CASH USED BY IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(774,249)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>39,554</u>
NET DECREASE IN CASH	(2,182,230)
CASH AT BEGINNING OF YEAR	<u>5,728,479</u>
CASH AT END OF YEAR	<u>\$ 3,546,249</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (54,182)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	760,435
Pension expense	19,785
(Increase) decrease in assets	
Accounts receivable	(3,810)
Receivables - Other	32,087
Due from other funds	(52,017)
Due from fiduciary funds	(2,349)
Increase (decrease) in liabilities	
Accounts payable	(619,599)
Accrued salaries	2,526
Compensated absences payable	3,175
Due to other funds	<u>(1,533,586)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (1,447,535)</u>

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Pension Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 214,260	\$ 515,989
Investments		
Equity mutual funds	3,979,706	-
Fixed income mutual funds	2,600,957	-
Real estate mutual funds	211,559	-
Receivables	2,982	87,595
Due from Township	-	243
TOTAL ASSETS	<u>7,009,464</u>	<u>603,827</u>
 LIABILITIES AND NET POSITION		
LIABILITIES		
Due to Township	-	58,505
Escrow deposits	-	545,322
TOTAL LIABILITIES	<u>-</u>	<u>\$ 603,827</u>
 NET POSITION		
Net position restricted for pensions	<u>7,009,464</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,009,464</u>	

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Pension Trust Funds
	<u> </u>
ADDITIONS	
Contributions	
Member contributions	\$ 59,353
Employer contributions	219,082
TOTAL CONTRIBUTIONS	<u> 278,435</u>
Investment earnings	
Dividends	278,911
Net decrease in the fair value of investments	<u> (694,109)</u>
TOTAL INVESTMENT EARNINGS	<u> (415,198)</u>
Investment expense	<u> (25,444)</u>
INVESTMENT EARNINGS, net	<u> (440,642)</u>
TOTAL ADDITIONS	<u> (162,207)</u>
DEDUCTIONS	
Benefits	243,614
Administrative expenses	<u> 12,000</u>
TOTAL DEDUCTIONS	<u> 255,614</u>
CHANGE IN NET POSITION	(417,821)
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR	<u> 7,427,285</u>
NET POSITION HELD IN TRUST AT END OF YEAR	<u><u> \$ 7,009,464</u></u>

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE A - NATURE OF ACTIVITY

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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for not recording the Township's governmental activities capital assets and related depreciation, the Township follows the practice of presenting its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. The statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental or proprietary fund are at least 10% of the corresponding total for all funds of that category or type, and total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

The funds of the financial reporting entity are described below:

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use, and balance of the Township's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

The following are the Township's governmental funds:

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.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed, or assigned revenues should be the foundation for a special revenue fund. The reporting entity includes the following special revenue funds which are reported as nonmajor funds:

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 Tax 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 and implementation.

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 Project Funds - are used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including the acquisition or construction of major capital improvements. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The reporting entity includes the following capital project funds which are reported as nonmajor funds:

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 and maintained by the Township.

Road Equipment 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.

Capital Reserve Fund - is used to account for the financial resources to be used for various capital projects.

Recreation Reserve Fund - is used to account for the financial resources to be used to acquire and make improvements to municipal parks, pool and recreation assets.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund

Enterprise Funds - are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private-sector. The reporting entity includes the following enterprise funds which are reported as major funds:

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.

Fiduciary Fund Type

Fiduciary fund types are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

The following are the Township's fiduciary fund types:

Pension Trust Funds – These funds are used to account for assets held for the Township's pension plans which are funded by employer contributions. These Funds account for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits. The Township sponsors two pension plans: the Police Pension Plan and the Non-Uniformed Pension Plan.

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.

Measurement Focus and Basis of Accounting

The basic financial statements of the Township are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are presented on a current financial resources and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities of the government-wide financial statements.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, and pension expenditures which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, funds must be expended for a specific purpose or project before any amounts will be paid to the Township, therefore, revenues are recognized based upon the expenditures incurred. In the other type, funds are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt, or earlier, if the susceptible-to-accrual criteria are met.

Investment income is recognized as earned.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, litigants, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Operating revenues in the proprietary funds, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Assets, Liabilities, and Deferred Outflows and Inflows of Resources

Cash

The Township considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash.

For the purpose of the statement of cash flows, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value except for certificates of deposit which are stated at amortized cost.

Investments of pension trust funds are pursuant to the guidelines established by the Pension Boards.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are shown net of allowances for uncollectible amounts.

Due to and From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

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:

	<u>Years</u>
	50-110
Sanitary Sewer System	50
Wastewater Treatment Plant	7-10
Vehicles	5-15
Equipment	50-110

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.

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, 2018.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide and proprietary fund statement of net position and is the result of the difference between projected and actual investment earnings on pension plan investments.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has one item which qualifies for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and earned income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

The Township accrues accumulated compensation and sick pay benefits when earned, or estimated to be earned, by the employee.

For nonuniformed employees, after the accumulation of a maximum of 30 days to be used solely as sick time, any accumulated sick days over 20 not used by the end of the year will accumulate towards retirement at the rate of half a day for each day not taken during the year. The rate at which time will be valued is memorialized as of the year earned. Police officer sick time is calculated the same as nonuniformed employee time, with the exception that accumulated sick time must be 1,320 hours before time is accumulated until retirement.

Nonuniformed employees may also accumulate up to 80 hours of vacation time. Police officers may also accumulate up to 80 hours of comp time. The police chief may accumulate up to 16 hours of vacation time.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity

Government-Wide Statements

The Township classifies net position into the following components:

Net Investment in Capital Assets - This component of net position consists of the cost of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of these assets. The Township has not recorded the cost or accumulated depreciation on governmental activity capital assets.

Restricted - This component of net position consists of constraints placed on net position use either by (a) external groups, such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Township's policy is to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

Governmental Fund Financial Statements

Fund balance is classified into specifically designed classifications as follows:

Nonspendable - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

Committed - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end, however, the amount may be determined subsequent to year-end.

Assigned - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed. The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose.

Unassigned - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures

Program Revenues

All revenues are recognized when earned.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are sewer usage charges. The Township also recognizes as operating revenues, the portion of tapping fees intended to recover the cost of connecting new customers to the sewer system. Operating expenditures of the Sewer Fund includes the cost of the services. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures. The principal nonoperating revenues and expenses of the Township's proprietary funds are interest income and interest expense.

Property Taxes

The Township is permitted by state law to levy taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2018 was 1.68 mills, consisting of 1.05 mills for general purposes, .310 mills for fire protection purposes, .160 mills for recreation purposes and .160 mills for road equipment capital purposes, as established by the Board of Supervisors.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The Montgomery County Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the Montgomery County Tax Claim Bureau is made by January 15 of the subsequent year.

In the government-wide financial statements, taxes receivable and related revenue include all amounts due to the Township regardless of when the cash is received. Over time, substantially all property taxes are collected.

In the fund financial statements, delinquent property taxes not paid within 60 days of December 31 are recorded as deferred inflows of resources.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intergovernmental Revenues

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies, and local governmental units, generally to fund specific programs, and are recognized when received.

Internal and Interfund Balances and Activities

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories, is reported as follows in the fund financial statements:

Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures.

Interfund Reimbursements - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective funds.

Interfund Transfers - Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

In previous years, the Township prepared its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. GAAP. In 2018, the financial statements have been prepared on the modified accrual basis of accounting for the governmental funds, and the accrual basis of accounting for the Sewer Fund, Business-type Activities, and Governmental Activities, in conformity with generally accepted accounting principles. Management also believes that the basis of accounting will now more accurately reflect the Township's financial position and results of operations. Fund balance and net position has been adjusted as of January 1, 2018, for the effect of retroactive application of the new basis of accounting, as follows:

	General Fund	Fire Protection Tax	Recreation
Adjustment to record accounts receivable	\$ 66,170	\$ -	\$ -
Adjustment to record taxes receivable	678,076	7,876	4,066
Adjustment to capital assets	-	-	-
Adjustment to record accounts payable	(46,747)	(143)	(337)
Adjustment to record accrued wages	(93,676)	-	(667)
Adjustment to record unavailable taxes	(295,368)	(3,404)	(1,757)
Adjustment to record net pension liability	-	-	-
Adjustment to record deferred inflows/outflows related to pension	-	-	-
Adjustment to record notes payable	-	-	-
Adjustment to record accrued interest	-	-	-
Adjustment to record compensated absences	-	-	-
Net increase in fund balance/net position as of January 1, 2018	308,455	4,329	1,305
Fund Balance/Net Position as of December 31, 2017	2,725,231	26,846	246,850
Fund Balance/Net Position as of January 1, 2018	\$ 3,033,686	\$ 31,175	\$ 248,155

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Provisions

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

<u>Open Space</u>	<u>Road Equipment</u>	<u>State Highway Aid</u>	<u>Transportation Impact</u>	<u>Sewer and Business-Type Activities</u>	<u>Governmental Activities</u>
\$ -	\$ -	\$ -	\$ -	\$ 195,127	\$ 66,170
176,345	4,066	-	-	-	485,197
-	-	-	-	606,310	-
-	-	(4,021)	(115,177)	(645,024)	(166,425)
(82,946)	(1,757)	-	-	(15,272)	(94,343)
-	-	-	-	165,355	385,232
-	-	-	-	-	604,947
-	-	-	-	-	(313,438)
-	-	-	-	-	(662,359)
-	-	-	-	(22,250)	(15,627)
-	-	-	-	(6,048)	(99,664)
<u>93,399</u>	<u>2,309</u>	<u>(4,021)</u>	<u>(115,177)</u>	<u>278,198</u>	<u>189,690</u>
<u>949,955</u>	<u>1,104,644</u>	<u>78,479</u>	<u>2,093,718</u>	<u>34,994,702</u>	<u>7,225,723</u>
<u>\$ 1,043,354</u>	<u>\$ 1,106,953</u>	<u>\$ 74,458</u>	<u>\$ 1,978,541</u>	<u>\$ 35,272,900</u>	<u>\$ 7,415,413</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE D - DEPOSITS AND INVESTMENTS

The Township's available cash is invested in demand deposit accounts. Pension fund assets are invested in mutual funds. The carrying amount of cash and investments at December 31, 2018 consists of the following:

Cash	
Township deposits with Victory Bank	\$ 8,291,651
Agency escrow deposits with Victory Bank	515,989
Township deposits with PLGIT	2,158,412
Pension cash	214,260
Petty cash	300
Total cash	<u>11,180,612</u>
Investments	
Township certificates of deposit	<u>549,000</u>
Pension Mutual Funds	
Fixed income	2,600,957
Equities	3,979,706
Real estate	<u>211,559</u>
Total investments	<u>7,341,222</u>
Total cash and investments	<u>\$ 18,521,834</u>

Reconciliation to Statement of Net Position/Balance Sheet

Cash	
Governmental activities	\$ 6,904,114
Business-type activities	3,546,249
Fiduciary funds	<u>730,249</u>
	<u>11,180,612</u>
Investments	
Governmental activities	549,000
Fiduciary funds	<u>6,792,222</u>
	<u>7,341,222</u>
	<u>\$ 18,521,834</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk, Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to the Township. At December 31, 2018, the carrying amounts of the Township's bank deposits were \$11,180,612, and the corresponding bank balances were \$11,382,458, of which \$250,000 was covered by Federal Depository Insurance. Pension fund deposits of \$214,260 were uninsured and uncollateralized. PLGIT deposits of \$2,158,410 are uninsured and uncollateralized. The remaining \$8,759,788 of deposits was exposed to custodial risk because it was uninsured, although these funds are collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Investments

As of December 31, 2018, the Township had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value Level 1</u>	<u>Investment Maturities Less Than One Year</u>
PROPRIETARY ACTIVITIES			
Certificates of deposit	\$ 549,000	\$ -	\$ 549,000
PENSION ACTIVITIES			
Mutual funds, fixed income	\$ -	\$ 2,600,957	\$ 2,600,957
Mutual funds, equities	-	3,979,706	3,979,706
Mutual funds, real estate	-	211,559	211,559
TOTAL PENSION ACTIVITIES	\$ -	\$ 6,792,222	\$ 6,792,222

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2018:

Investments in mutual funds, fixed income of \$2,600,957, mutual funds, equities of \$3,979,706, and mutual funds, real estate of \$211,559, mutual funds, are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. 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.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note B. The Township limits the type of investments permitted as defined in the Township Code. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 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. In the proprietary funds, certificates of deposit are 100% of total investments. There were no other investments that exceeded 5% of the total investments reported in the Governmental, Proprietary, or Fiduciary Funds that would be considered a concentration of credit risk.

NOTE E - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2018, were as follows:

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 2,743,421	\$ -	\$ -	\$ 2,743,421
Construction in progress	1,804,267	-	-	1,804,267
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>4,547,688</u>	<u>-</u>	<u>-</u>	<u>4,547,688</u>
Capital assets being depreciated				
Sanitary sewer system	19,230,596	-	-	19,230,596
Wastewater treatment plant	25,431,803	-	-	25,431,803
Vehicles	111,683	-	(16,232)	95,451
Equipment	214,879	28,379	-	243,258
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>44,988,961</u>	<u>28,379</u>	<u>(16,232)</u>	<u>45,001,108</u>
Accumulated depreciation				
Sanitary sewer system	(5,305,776)	(236,805)	-	(5,542,581)
Wastewater treatment plant	(6,040,740)	(508,636)	-	(6,549,376)
Vehicles	(74,820)	(9,027)	16,232	(67,615)
Equipment	(185,385)	(5,967)	-	(191,352)
TOTAL ACCUMULATED DEPRECIATION	<u>(11,606,721)</u>	<u>(760,435)</u>	<u>16,232</u>	<u>(12,350,924)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>33,382,240</u>	<u>(732,056)</u>	<u>-</u>	<u>32,650,184</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 37,929,928</u>	<u>\$ (732,056)</u>	<u>\$ -</u>	<u>\$ 37,197,872</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at December 31, 2018 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
GOVERNMENTAL ACTIVITIES		
General Fund	\$ 550,938	\$ 826,662
Open Space Fund	337,802	-
Nonmajor governmental funds	400,755	367,290
TOTAL GOVERNMENTAL FUNDS	<u>1,289,495</u>	<u>1,193,952</u>
PROPRIETARY FUNDS		
Sewer Fund	<u>88,105</u>	<u>183,648</u>
	<u>\$ 1,377,600</u>	<u>\$ 1,377,600</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Transfers between funds for the year ended December 31, 2018 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
GOVERNMENTAL ACTIVITIES		
General Fund	\$ 169,470	\$ 288,840
Nonmajor governmental funds	580,763	461,393
	<u>\$ 750,233</u>	<u>\$ 750,233</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE G - LONG-TERM DEBT

At December 31, 2018, long-term debt consists of the following:

	Balance Outstanding December 31, 2017	Additions	Payments	Balance Outstanding December 31, 2018	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Series of 2011, for capital acquisitions in the Township, 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% and not less than 2.98%. Matures May 2031.	\$ 662,359	\$ -	\$ (189,630)	\$ 472,729	\$ 195,344
BUSINESS-TYPE ACTIVITIES					
General Obligation Note, Series of 1998, initial issue \$7,500,000, interest at 2.03% maturing in various amounts through 2027	3,493,000	-	(358,000)	3,135,000	365,000
Guaranteed Revenue Note, Series of 2002, initial issue \$2,500,000, interest at 1.72% maturing in various amounts through 2023.	891,000	-	(143,000)	748,000	145,000
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%.	140,000	-	(140,000)	-	-
Guaranteed Revenue Note, Series of 2017, for the West Branch Interceptor Project, initial issue \$2,000,000, interest at 2.67%, maturing in various amounts through 2029.	2,000,000	-	(1,000)	1,999,000	1,000
TOTAL BUSINESS-TYPE ACTIVITIES	6,524,000	-	(642,000)	5,882,000	511,000
TOTAL DEBT	\$ 7,186,359	\$ -	\$ (831,630)	\$ 6,354,729	\$ 706,344

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE G - LONG-TERM DEBT (Continued)

Aggregate maturities required on long-term debt at December 31, 2018 are as follows:

Governmental Activities

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 195,344	\$ 11,918	\$ 207,262
2020	201,231	6,032	207,263
2021	<u>76,154</u>	<u>753</u>	<u>76,907</u>
	<u>\$ 472,729</u>	<u>\$ 18,703</u>	<u>\$ 491,432</u>

Business-Type Activities

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 511,000	\$ 129,867	\$ 640,867
2020	520,000	119,936	639,936
2021	531,000	109,829	640,829
2022	541,000	99,508	640,508
2023	550,000	88,991	638,991
2024 to 2028	2,951,000	238,423	3,189,423
2029	<u>278,000</u>	<u>3,711</u>	<u>281,711</u>
	<u>\$ 5,882,000</u>	<u>\$ 790,265</u>	<u>\$ 6,672,265</u>

Substantially all of the Township's assets are pledged as collateral on the long-term debt

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE H - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2018 are as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation debt					
Notes payable	\$ 662,359	\$ -	\$ (189,630)	\$ 472,729	\$ 195,344
Compensated absences	99,664	4,996	-	104,660	-
Net pension liability	-	185,555	-	185,555	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL GOVERNMENTAL ACTIVITIES LONG- TERM LIABILITIES	\$ 762,023	\$ 190,551	\$ (189,630)	\$ 762,944	\$ 195,344
BUSINESS- TYPE ACTIVITIES					
General obligation debt					
Notes payable	\$ 6,524,000	\$ -	\$ (642,000)	\$ 5,882,000	\$ 511,000
Compensated absences	6,048	3,175	-	9,223	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL BUSINESS- TYPE ACTIVITIES LONG- TERM LIABILITIES	\$ 6,530,048	\$ 3,175	\$ (642,000)	\$ 5,891,223	\$ 511,000

NOTE I - NEW HANOVER TOWNSHIP POLICE PENSION PLAN

Plan Description

The New Hanover Township Police Pension Plan is a 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. The plan is 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 Plan is invested separately, and each Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan.

Benefits Provided

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.

Eligibility Requirements:

Normal Retirement - Age 55 and 25 years of service.
 Early Retirement - 20 years of service.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE I - NEW HANOVER TOWNSHIP POLICE PENSION PLAN (Continued)

Vesting - None for the first 12 years of service; thereafter, 100%. If a member dies before the pension becomes vested, the surviving spouse or minor children shall receive repayment of the member's contributions, if any, plus interest.

Retirement Benefit: The monthly pension shall be 50% of the average compensation over the participant's last 36 months of employment plus an incremental pension of \$25 per month for each completed year of service in excess of 25 years up to a maximum of \$100 per month. The early retirement pension shall be the actuarial equivalent of a partial superannuation retirement benefit.

Survivor Benefit: A pension benefit shall be automatically provided to a retired officer's spouse or to the spouse of an officer eligible to retire, equal to 50% of the eligible pension. If no spouse, or if spouse subsequently dies, the benefit shall apply to children under age 18, or if attending college, under or attaining age 23.

Pre-retirement: If the death is not service related, the benefit shall be 50% of the accrued benefit that would have been paid had the participant retired on the date of death.

Disability Benefit: Service-Related - The monthly disability pension benefit shall be calculated at 50% of average monthly compensation up to the date of disability.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the Police Pension Plan:

Inactive members or beneficiaries currently receiving benefits	4
Inactive members entitled to but not yet receiving benefits	-
Active members	12
	<hr/>
	16
	<hr/> <hr/>

Contributions

Pennsylvania Act 205 requires that annual contributions to the Police Pension Plan be based upon the Police Pension Plan's Minimum Municipal Obligation (MMO) which is based on the Police Pension Plan's biennial actuarial valuation. 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. Participants are required to contribute 5.0% of annual compensation. The Township is required to contribute amounts necessary to fund the Police Pension Plan using the actuarial basis specified by statute.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE I - NEW HANOVER TOWNSHIP POLICE PENSION PLAN (Continued)

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2018 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The components of the net pension liability of the Township at December 31, 2018, were as follows:

Total pension liability	\$ 3,421,989
Plan fiduciary net position	<u>(3,236,434)</u>
NET PENSION LIABILITY	\$ <u>185,555</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.58%</u>

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	4.00%, average, including inflation
Investment rate of return	7.00%, including inflation
Postretirement cost of living increase	none

Mortality rates were based on the RP-2000 Table projected to 2017 using Scale AA for Males or Females, as appropriate.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE I - NEW HANOVER TOWNSHIP POLICE PENSION PLAN (Continued)

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

ASSET CLASS	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	45%	8.25 - 9.00%
International equity	12%	8.75%
Fixed income	37%	4.40%
Real estate	3%	8.75%
Cash	3%	2.10%
	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -6.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE I - NEW HANOVER TOWNSHIP POLICE PENSION PLAN (Continued)

Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2018.

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
BALANCE AT DECEMBER 31, 2017	\$ 3,175,540	\$ 3,336,221	\$ (160,681)
Changes for the year			
Service cost	109,533	-	109,533
Interest cost	226,809	-	226,809
Contributions - employer	-	142,965	(142,965)
Contributions - member	-	59,353	(59,353)
Net investment income	-	(206,212)	206,212
Benefit payments, including refunds of member contributions	(89,893)	(89,893)	-
Administrative expense	-	(6,000)	6,000
BALANCE AT DECEMBER 31, 2018	<u>\$ 3,421,989</u>	<u>\$ 3,236,434</u>	<u>\$ 185,555</u>

Net Pension Liability Sensitivity

The following presents the net pension liability of the Police Pension Plan, calculated using the discount rate of 7.00%, as well as what the Police Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
NET PENSION LIABILITY (ASSET)	<u>\$ 663,216</u>	<u>\$ 185,555</u>	<u>\$ (210,873)</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the Township recognized pension expense of \$93,845. The Township has deferred outflows and inflows of resources related to the Police Pension Plan from the following source at December 31, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 225,034</u>	<u>\$ -</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE I - NEW HANOVER TOWNSHIP POLICE PENSION PLAN (Continued)

Actuarially determined deferred outflows and inflows of resources related to the Police Pension Plan are as follows for the year ended December 31, 2018:

2019	\$	45,614
2020		45,614
2021		45,612
2022		88,194

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLAN

Plan Description

The New Hanover Township Non-Uniformed (hired before June 1, 2016) Pension Plan is a 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. The plan is 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 Plan is invested separately, and each Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan.

Benefits Provided

For employees hired before June 1, 2016, the Township contributes to the New Hanover Township Non-Uniformed 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.

Eligibility Requirements:

Normal Retirement - Age 60.

Early Retirement - 20 years of service, actuarially reduced.

Vesting - 0% until 5 years of service are completed, 100% thereafter.

Retirement Benefit: The monthly pension shall be 2% of the average monthly compensation over the participant's last 36 months of service times years of service. The early retirement pension shall be the actuarial equivalent of a partial superannuation retirement benefit.

Survivor Benefit: Post-Retirement - The normal form for a married participant is an unreduced 50% benefit however, actuarially reduced optional benefits are available.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLAN (Continued)

Pre-Retirement - If vested, the survivor benefit shall be calculated at 50% of the accrued benefit at time of death. Benefit is payable when the member would have been eligible to receive his benefit.

Disability Benefit:

Service-Related - The monthly disability pension benefit shall be calculated at 50% of the accrued benefit if eligible for Social Security disability benefits.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the Non-Uniformed Pension Plan:

Inactive members or beneficiaries currently receiving benefits	12
Inactive members entitled to but not yet receiving benefits	7
Active members	<u>11</u>
	<u>30</u>

Contributions

Pennsylvania Act 205 requires that annual contributions to the Non-Uniformed Pension Plan be based upon the Non-Uniformed Pension Plan's MMO which is based on the Non-Uniformed Pension Plan's biennial actuarial valuation. 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. Participant contributions are currently suspended. The Township is required to contribute amounts necessary to fund the Non-Uniformed Pension Plan using the actuarial basis specified by statute.

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability (asset) was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLAN (Continued)

The components of the net pension liability (asset) of the Township at December 31, 2018, were as follows:

Total pension liability	\$ 3,608,895
Plan fiduciary net position	<u>(3,773,030)</u>
NET PENSION LIABILITY (ASSET)	<u>\$ (164,135)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>104.55%</u>

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	4.00%, average, including inflation
Investment rate of return	7.0%, including inflation

Mortality rates were based on the RP-2000 Table projected to 2017 using Scale AA for males and females, as appropriate.

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

ASSET CLASS	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	45%	8.25 - 9.00%
International equity	12%	8.75%
Fixed income	37%	4.40%
Real estate	3%	8.75%
Cash	3%	2.10%
	<u>100%</u>	

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The Non-Uniformed Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Non-Uniformed Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -5.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in Net Pension Liability (Asset)

The following table shows the changes in net pension liability (asset) for the year ended December 31, 2018.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2017	\$ 3,402,417	\$ 4,091,064	\$ (688,647)
Changes for the year			
Service cost	119,075	-	119,075
Interest cost	241,124	-	241,124
Contributions - employer	-	76,117	(76,117)
Net investment income	-	(234,430)	234,430
Benefit payments, including refunds of member contributions	(153,721)	(153,721)	-
Administrative expense	-	(6,000)	6,000
BALANCE AT DECEMBER 31, 2018	<u>\$ 3,608,895</u>	<u>\$ 3,773,030</u>	<u>\$ (164,135)</u>

Net Pension Liability (Asset) Sensitivity

The following presents the net pension liability of the Non-Uniformed Pension Plan, calculated using the discount rate of 7.0% as well as what the Non-Uniformed Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
PLAN'S NET PENSION LIABILITY (ASSET)	<u>\$ 207,532</u>	<u>\$ (164,135)</u>	<u>\$ (478,112)</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLAN (Continued)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the Township recognized pension expense of \$132,007. The Township has deferred outflows and inflows of resources related to the Non-Uniformed Pension Plan from the following sources at December 31, 2018:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 159,614	\$ -
	<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 87,466	\$ -

Actuarially determined deferred outflows and inflows of resources related to the Non-Uniformed Pension Plan are as follows for the year ended December 31, 2018:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ 30,959	\$ 16,965
2020	30,959	16,965
2021	30,958	16,964
2022	66,738	36,572

NOTE K - 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.

REQUIRED SUPPLEMENTARY INFORMATION

NEW HANOVER TOWNSHIP
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 109,533	\$ 105,320	\$ 96,194
Interest	226,809	210,117	217,389
Changes for experience	-	(360,156)	-
Changes in assumptions	-	8,181	-
Benefit payments, including refunds of member contributions	<u>(89,893)</u>	<u>(72,495)</u>	<u>(76,732)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	246,449	(109,033)	236,851
Total pension liability, beginning	<u>3,175,540</u>	<u>3,284,573</u>	<u>3,047,722</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 3,421,989</u>	<u>\$ 3,175,540</u>	<u>\$ 3,284,573</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 142,965	\$ 136,774	\$ 164,884
Contributions - member	59,353	52,501	46,468
Net investment income	(206,212)	411,372	198,718
Benefit payments, including refunds of member contributions	(89,893)	(72,495)	(76,732)
Other	-	-	720
Administrative expense	<u>(6,000)</u>	<u>(6,050)</u>	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(99,787)	522,102	334,058
Plan net position, beginning	<u>3,336,221</u>	<u>2,814,119</u>	<u>2,480,061</u>
PLAN NET POSITION, ENDING	<u>\$ 3,236,434</u>	<u>\$ 3,336,221</u>	<u>\$ 2,814,119</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 185,555</u>	<u>\$ (160,681)</u>	<u>\$ 470,454</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>94.58%</u>	<u>105.06%</u>	<u>85.68%</u>
COVERED PAYROLL	<u>\$ 1,047,246</u>	<u>\$ 915,810</u>	<u>\$ 788,104</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>17.72%</u>	<u>-17.55%</u>	<u>59.69%</u>

NOTES TO SCHEDULE

Changes in assumptions - In 2017 the mortality assumption was changed to the RP2000 Mortality Table projected to 2017 using Scale AA to reflect an update in expectation for retired life mortality

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

NEW HANOVER TOWNSHIP
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 119,075	\$ 114,495	\$ 101,884
Interest	241,124	227,175	225,536
Changes for experience	-	(198,853)	-
Changes in assumptions	-	9,984	-
Benefit payments, including refunds of member contributions	<u>(153,721)</u>	<u>(140,219)</u>	<u>(115,294)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	206,478	12,582	212,126
Total pension liability, beginning	<u>3,402,417</u>	<u>3,389,835</u>	<u>3,177,709</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 3,608,895</u>	<u>\$ 3,402,417</u>	<u>\$ 3,389,835</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 76,117	\$ 97,681	\$ 168,203
Net investment income (loss)	(234,430)	526,442	269,002
Benefit payments, including refunds of member contributions	(153,721)	(140,219)	(115,294)
Other	-	-	88
Administrative expense	<u>(6,000)</u>	<u>(6,050)</u>	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(318,034)	477,854	321,999
Plan net position, beginning	<u>4,091,064</u>	<u>3,613,210</u>	<u>3,291,211</u>
PLAN NET POSITION, ENDING	<u>\$ 3,773,030</u>	<u>\$ 4,091,064</u>	<u>\$ 3,613,210</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ (164,135)</u>	<u>\$ (688,647)</u>	<u>\$ (223,375)</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>104.55%</u>	<u>120.24%</u>	<u>106.59%</u>
COVERED PAYROLL	<u>\$ 619,839</u>	<u>\$ 779,589</u>	<u>\$ 868,276</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>-26.48%</u>	<u>-88.33%</u>	<u>-25.73%</u>

NOTES TO SCHEDULE

Changes in assumptions - In 2017 the mortality assumption was changed to the RP2000 Mortality Table projected to 2017 using Scale AA to reflect an update in expectation for retired life mortality

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

NEW HANOVER TOWNSHIP
SCHEDULE OF PENSION CONTRIBUTIONS -
POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 142,965	\$ 136,774	\$ 164,864
Contribution in relation to the actuarially determined contribution	<u>142,965</u>	<u>136,774</u>	<u>164,864</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,047,245</u>	<u>\$ 915,810</u>	<u>\$ 788,104</u>
Contribution as a percentage of covered payroll	<u>13.65%</u>	<u>14.93%</u>	<u>20.92%</u>

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2015 actuarial valuation report was utilized for the 2018 and 2017 Minimum Municipal Obligation calculation. The January 1, 2013 actuarial valuation report was utilized for the 2016 Minimum Municipal Obligation calculation. The following actuarial methods and assumptions were used to determine contribution

Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation date	1/1/2015	1/1/2013
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	4 years	11 years
Asset valuation method	Market	Market
Salary increases	4.00%	4.00%
Investment rate of return	7.00%	7.00%
Retirement age	55	55
Mortality	RP2000	RP2000

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

NEW HANOVER TOWNSHIP
SCHEDULE OF PENSION CONTRIBUTIONS -
NON-UNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 76,117	\$ 97,681	\$ 168,203
Contribution in relation to the actuarially determined contribution	<u>76,117</u>	<u>97,681</u>	<u>168,203</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 619,839</u>	<u>\$ 779,589</u>	<u>\$ 868,276</u>
Contribution as a percentage of covered payroll	<u>12.28%</u>	<u>12.53%</u>	<u>19.37%</u>

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2015 actuarial valuation report was utilized for the 2018 and 2017 Minimum Municipal Obligation calculation. The January 1, 2013 actuarial valuation report was utilized for the 2016 Minimum Municipal Obligation calculation. The following actuarial methods and assumptions were used to determine contribution

Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation date	1/1/2015	1/1/2013
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	None	12 years
Asset valuation method	Market	Market
Salary increases	4.00%	4.00%
Investment rate of return	7.00%	7.00%
Retirement age	60	60
Mortality	RP2000	RP2000

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

NEW HANOVER TOWNSHIP
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -
POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>-6.17%</u>	<u>14.63%</u>

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

NEW HANOVER TOWNSHIP
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -
NON-UNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>-5.84%</u>	<u>14.84%</u>

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

NEW HANOVER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Real estate	\$ 746,750	\$ 746,750	\$ 754,677	\$ 7,927
Real estate transfer	408,750	408,750	423,252	14,502
Per capita	-	-	36,489	36,489
Earned income	2,007,750	2,007,750	2,081,462	73,712
Local services	10,000	10,000	10,726	726
Licenses and permits	251,000	251,000	245,619	(5,381)
Fines and forfeits	74,500	74,500	74,778	278
Interest and rents	41,435	41,435	82,011	40,576
Intergovernmental revenues	172,000	172,000	169,267	(2,733)
Charges for services	269,000	269,000	265,768	(3,232)
Reimbursement from fiduciary funds	-	-	245,698	245,698
Miscellaneous	144,200	144,200	27,578	(116,622)
TOTAL REVENUES	4,125,385	4,125,385	4,417,325	291,940
EXPENDITURES				
General government	781,500	781,500	708,051	73,449
Public Safety				
Police	1,808,000	1,808,000	1,711,228	96,772
Code enforcement, planning, zoning	381,250	381,250	328,848	52,402
Public works - highway and streets	1,166,500	1,166,500	1,105,578	60,922
Culture and recreation	11,150	11,150	10,650	500
Insurance	34,500	34,500	16,998	17,502
Miscellaneous	-	-	760	(760)
TOTAL EXPENDITURES	4,182,900	4,182,900	3,882,113	300,787
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	(57,515)	(57,515)	535,212	592,727
OTHER FINANCING SOURCES				
Transfers in	175,470	175,470	169,470	(6,000)
Transfers out	(284,812)	(284,812)	(288,840)	(4,028)
TOTAL OTHER FINANCING SOURCES	(109,342)	(109,342)	(119,370)	(10,028)
NET CHANGE IN FUND BALANCE				
	\$ (166,857)	\$ (166,857)	415,842	\$ 582,699
FUND BALANCE AT BEGINNING OF YEAR			3,033,686	
FUND BALANCE AT END OF YEAR			\$ 3,449,528	

NEW HANOVER TOWNSHIP
NOTE TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2018

NOTE A - BUDGET MATTERS

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.

The Second Class Township Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

SUPPLEMENTARY INFORMATION SECTION

NEW HANOVER TOWNSHIP
COMBINING BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Funds			
	Fire Protection Tax	Recreation	Transportation Impact	State Highway Aid
ASSETS				
Cash	\$ 207,257	\$ 259,672	\$ 1,524,961	\$ 9,450
Investments	-	-	-	-
Due from other funds	1,905	177	398,673	-
Due from fiduciary funds	-	-	11,275	-
Accounts receivable	-	405	-	-
Taxes receivable	7,352	3,796	-	-
TOTAL ASSETS	\$ 216,514	\$ 264,050	\$ 1,934,909	\$ 9,450
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,910	\$ 1,130	\$ 5,230	\$ 6,772
Accrued wages	-	2,083	-	-
Due to other funds	172,490	27,624	22,939	1,782
TOTAL LIABILITIES	175,400	30,837	28,169	8,554
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	4,211	2,175	-	-
FUND BALANCES				
Restricted				
Fire Protection	36,903	-	-	-
Recreation	-	231,038	-	-
Traffic impact	-	-	1,906,740	-
State Highway Aid	-	-	-	896
Capital projects	-	-	-	-
Assigned				
Capital projects	-	-	-	-
TOTAL FUND BALANCES	36,903	231,038	1,906,740	896
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 216,514	\$ 264,050	\$ 1,934,909	\$ 9,450

Capital Project Funds			Total Other Governmental Funds
Road Equipment	Capital Reserve	Recreation Reserve	
\$ 564,961	\$ 333,302	\$ 144,618	\$ 3,044,221
149,000	-	-	149,000
-	-	-	400,755
-	-	-	11,275
-	-	-	405
<u>3,796</u>	<u>-</u>	<u>-</u>	<u>14,944</u>
<u>\$ 717,757</u>	<u>\$ 333,302</u>	<u>\$ 144,618</u>	<u>\$ 3,620,600</u>
\$ -	\$ -	\$ -	\$ 16,042
-	-	-	2,083
<u>69,921</u>	<u>68,903</u>	<u>3,631</u>	<u>367,290</u>
<u>69,921</u>	<u>68,903</u>	<u>3,631</u>	<u>385,415</u>
<u>2,175</u>	<u>-</u>	<u>-</u>	<u>8,561</u>
-	-	-	36,903
-	-	-	231,038
-	-	-	1,906,740
-	-	-	896
645,661	-	-	645,661
<u>-</u>	<u>264,399</u>	<u>140,987</u>	<u>405,386</u>
<u>645,661</u>	<u>264,399</u>	<u>140,987</u>	<u>3,226,624</u>
<u>\$ 717,757</u>	<u>\$ 333,302</u>	<u>\$ 144,618</u>	<u>\$ 3,620,600</u>

NEW HANOVER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds			
	Fire Protection Tax	Recreation	Transportation Impact	State Highway Aid
REVENUES				
Taxes				
Real estate	\$ 221,200	\$ 114,430	\$ -	\$ -
Interest and rents	1,168	10,144	17,185	1,037
Intergovernmental revenues	71,025	5,115	-	477,132
Charges for services	-	58,886	-	-
Miscellaneous	-	500	19,503	-
TOTAL REVENUES	<u>293,393</u>	<u>189,075</u>	<u>36,688</u>	<u>478,169</u>
EXPENDITURES				
General government	-	-	-	-
Public safety				
Police	-	-	-	-
Fire	322,477	-	-	-
Public works - highway and streets	-	-	108,489	555,759
Culture and recreation	-	206,192	-	-
TOTAL EXPENDITURES	<u>322,477</u>	<u>206,192</u>	<u>108,489</u>	<u>555,759</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(29,084)</u>	<u>(17,117)</u>	<u>(71,801)</u>	<u>(77,590)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	34,812	-	-	4,028
Transfers out	-	-	-	-
Sale of general capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>34,812</u>	<u>-</u>	<u>-</u>	<u>4,028</u>
NET CHANGE IN FUND BALANCES	5,728	(17,117)	(71,801)	(73,562)
FUND BALANCES AT BEGINNING OF YEAR	<u>31,175</u>	<u>248,155</u>	<u>1,978,541</u>	<u>74,458</u>
FUND BALANCES AT END OF YEAR	<u>\$ 36,903</u>	<u>\$ 231,038</u>	<u>\$ 1,906,740</u>	<u>\$ 896</u>

Capital Project Funds

<u>Road Equipment</u>	<u>Capital Reserve</u>	<u>Recreation Reserve</u>	<u>Total Other Governmental Funds</u>
\$ 114,301	\$ -	\$ -	\$ 449,931
1,339	1,486	633	32,992
-	-	-	553,272
-	-	-	58,886
-	-	14,852	34,855
<u>115,640</u>	<u>1,486</u>	<u>15,485</u>	<u>1,129,936</u>
-	76,764	30,849	107,613
-	46,560	-	46,560
-	-	-	322,477
147,039	-	-	811,287
-	-	-	206,192
<u>147,039</u>	<u>123,324</u>	<u>30,849</u>	<u>1,494,129</u>
<u>(31,399)</u>	<u>(121,838)</u>	<u>(15,364)</u>	<u>(364,193)</u>
-	385,572	156,351	580,763
(461,393)	-	-	(461,393)
<u>31,500</u>	<u>665</u>	<u>-</u>	<u>32,165</u>
<u>(429,893)</u>	<u>386,237</u>	<u>156,351</u>	<u>151,535</u>
(461,292)	264,399	140,987	(212,658)
<u>1,106,953</u>	<u>-</u>	<u>-</u>	<u>3,439,282</u>
<u>\$ 645,661</u>	<u>\$ 264,399</u>	<u>\$ 140,987</u>	<u>\$ 3,226,624</u>

NEW HANOVER TOWNSHIP
COMBINING SCHEDULE OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Pension Trust Funds		Total Pension Trust Funds
	Non-Uniformed Pension Fund	Police Pension Fund	
ASSETS			
Cash and cash equivalents	\$ 114,825	\$ 99,435	\$ 214,260
Investments			
Equity mutual funds	2,148,616	1,831,090	3,979,706
Fixed income mutual funds	1,395,375	1,205,582	2,600,957
Real estate mutual funds	114,214	97,345	211,559
Receivables	-	2,982	2,982
TOTAL ASSETS	\$ 3,773,030	\$ 3,236,434	\$ 7,009,464
NET POSITION			
Held in trust for Pension and OPEB benefits	\$ 3,773,030	\$ 3,236,434	\$ 7,009,464

NEW HANOVER TOWNSHIP
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Pension Trust Funds		Total Pension Trust Funds
	Non-Uniformed Pension Fund	Police Pension Fund	
ADDITIONS			
Contributions			
Member contributions	\$ -	\$ 59,353	\$ 59,353
Employer contributions	76,117	142,965	219,082
TOTAL CONTRIBUTIONS	<u>76,117</u>	<u>202,318</u>	<u>278,435</u>
Investment earnings			
Dividends	150,920	127,991	278,911
Net decrease in the fair value of investments	(371,416)	(322,693)	(694,109)
TOTAL INVESTMENT EARNINGS	<u>(220,496)</u>	<u>(194,702)</u>	<u>(415,198)</u>
Less investment expense	(13,934)	(11,510)	(25,444)
INVESTMENT EARNINGS, net	<u>(234,430)</u>	<u>(206,212)</u>	<u>(440,642)</u>
TOTAL ADDITIONS	<u>(158,313)</u>	<u>(3,894)</u>	<u>(162,207)</u>
DEDUCTIONS			
Benefits	153,721	89,893	243,614
Administrative expense	6,000	6,000	12,000
TOTAL DEDUCTIONS	<u>159,721</u>	<u>95,893</u>	<u>255,614</u>
CHANGE IN NET POSITION	<u>(318,034)</u>	<u>(99,787)</u>	<u>(417,821)</u>
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR			
	<u>4,091,064</u>	<u>3,336,221</u>	<u>7,427,285</u>
NET POSITION HELD IN TRUST AT END OF YEAR			
	<u>\$ 3,773,030</u>	<u>\$ 3,236,434</u>	<u>\$ 7,009,464</u>