

**TOWNSHIP OF HANOVER**  
NORTHAMPTON COUNTY, PENNSYLVANIA

**FINANCIAL STATEMENTS  
AND AUDITORS' REPORTS**

AS OF AND FOR THE YEAR ENDED  
**DECEMBER 31, 2023**





# **TOWNSHIP OF HANOVER**

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## INDEPENDENT AUDITORS' REPORT

TOWNSHIP OF HANOVER  
NORTHAMPTON COUNTY

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Township of Hanover, Northampton County, Pennsylvania**, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Township's 2022 financial statements and in our report dated March 31, 2024, we expressed unmodified (Modified Cash Basis) opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with *accounting principles generally accepted in the United States of America*.

### BASIS FOR OPINIONS

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

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

## **EMPHASIS OF MATTER – MODIFIED CASH**

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

## **AUDITOR’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Township of Bethlehem’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Township of Bethlehem’s ability to continue as a going concern for a reasonable period of time. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

## **OTHER MATTERS**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **OTHER INFORMATION**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2024, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

*Bushta & Company*

**BETHLEHEM, PENNSYLVANIA**

**MARCH 31, 2024**



MARCH 31, 2024

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

TOWNSHIP OF HANOVER  
NORTHAMPTON COUNTY

We have audited, in accordance with the *auditing standards generally accepted in the United States of America* and the standards applicable to financial audits contained in *Government Auditing Standards issued by the Comptroller General of the United States*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Township of Hanover, Northampton County, Pennsylvania** as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Township's basic financial statements and have issued our report thereon dated March 31, 2024.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

## **COMPLIANCE AND OTHER MATTERS**

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

## **PURPOSE OF THIS REPORT**

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

*Bushta & Company*

**BETHLEHEM, PENNSYLVANIA**

**MARCH 31, 2024**



## **M A N A G E M E N T ' S   D I S C U S S I O N   A N D   A N A L Y S I S**

The discussion and analysis of Township of Hanover's financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.



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

## **FINANCIAL HIGHLIGHTS**

*Key government-wide financial highlights for 2023 are as follows:*

- In total, net position was \$44,848,409 at the end of the year.
- General revenues accounted for \$7,152,169 or about 68% of all revenues.
- Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,545,602 or about 32% of total revenues of \$10,697,771.
- Total assets of governmental activities were \$52,022,409 of which \$8,92,322 represents unrestricted cash and investments.
- Fixed assets, net of accumulated depreciation, were \$24,927,368.
- The Township had \$9,595,058 in expenses, all but \$6,049,456 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) were adequate to provide for these programs.
- Expenses, after program revenue was \$6,049,456 for the year.

# TOWNSHIP OF HANOVER

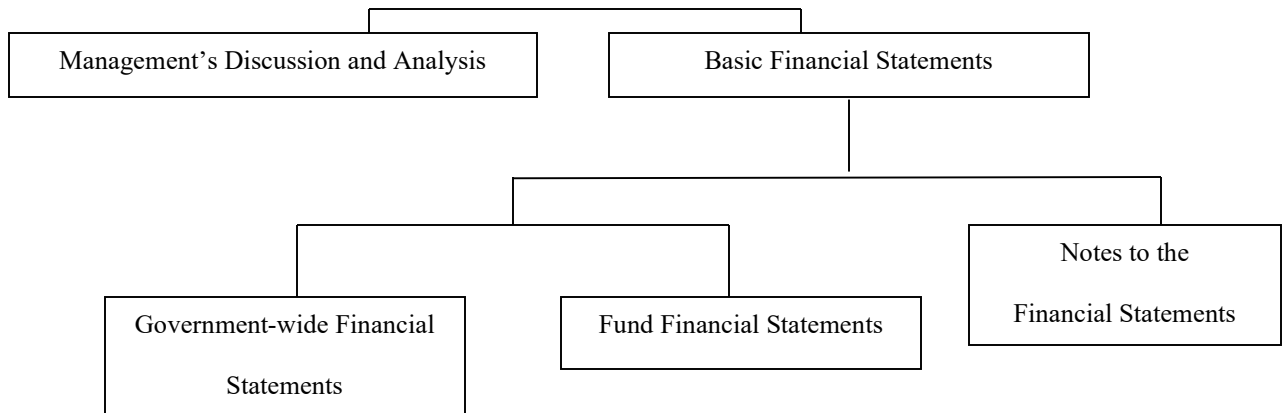
## MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2023

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### USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS REPORT (GAAP)

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



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

### REPORTING THE TOWNSHIP AS A WHOLE

#### *Statement of Net Position and the Statement of Activities*

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

# TOWNSHIP OF HANOVER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2023

### REPORTING THE TOWNSHIP AS A WHOLE

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

These two statements report the Township's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the Township as a whole, the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Township's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility condition, required public works and public safety activities, and other factors. In the Statement of Net Position and the Statement of Activities, the Township reports governmental activities. Governmental activities are the activities where most of the Township's programs and services are reported including, but not limited to, general government, public works, public safety, and recreation.

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

**Table 1**

#### **Net Position**

	2023	2022	2021	2020	2019
<b>Assets</b>					
Current and Other Assets	\$ 30,101,915	\$ 33,352,183	\$ 24,530,890	\$ 22,588,831	\$ 21,609,876
Capital Assets,					
Net of accumulated depreciation	<u>24,927,368</u>	<u>17,893,513</u>	<u>17,671,587</u>	<u>17,881,120</u>	<u>18,062,314</u>
	<u>\$ 52,022,409</u>	<u>\$ 51,245,696</u>	<u>\$ 42,202,477</u>	<u>\$ 40,469,951</u>	<u>\$ 39,672,190</u>
<b>Liabilities</b>					
Current Liabilities	330,000	326,000	0	0	0
Long-Term Liabilities	<u>6,844,000</u>	<u>7,174,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	7,174,000	7,500,000	0	0	0
<b>Net Position</b>					
Invested in Capital Assets, Net of Debt	17,753,368	10,393,513	17,671,587	17,881,120	18,062,314
Restricted	23,728,697	29,696,710	16,573,266	19,446,469	17,659,399
Unrestricted	<u>3,366,344</u>	<u>3,382,473</u>	<u>7,957,624</u>	<u>3,142,362</u>	<u>3,950,477</u>
	<u>\$ 52,022,409</u>	<u>\$ 51,245,696</u>	<u>\$ 42,202,477</u>	<u>\$ 40,469,951</u>	<u>\$ 39,672,190</u>

# TOWNSHIP OF HANOVER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2023

Net Position, the part of Net Position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, decreased by \$16,128. You will note that the majority of the Township's Net Position are "locked up" in fixed assets and restricted uses.

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

**Table 2**

**Statement of Activities**

	2023	2022	2021	2020	2019
<b><i>Program Revenues</i></b>					
Charges for Services	\$ 2,415,588	\$ 2,349,909	\$ 2,015,366	\$ 2,208,609	\$ 3,977,079
Operating Grants and Contributions	1,130,014	1,589,930	1,419,114	881,116	1,393,358
Capital Grants and Contributions	0	0	0	0	0
<b><i>General Revenues</i></b>					
Taxes	6,838,102	6,960,595	6,726,367	6,208,014	6,611,829
Investment Earnings	<u>314,067</u>	<u>55,328</u>	<u>54,382</u>	<u>139,778</u>	<u>163,125</u>
<b><i>Total Revenues</i></b>	<u>10,697,771</u>	<u>10,955,762</u>	<u>10,215,229</u>	<u>9,437,517</u>	<u>12,145,391</u>
<b><i>Program Expenses</i></b>					
General Government	908,416	970,820	980,406	898,187	1,998,707
Public Safety	3,115,642	3,030,562	2,988,378	3,001,523	2,592,928
Public Works	2,862,942	2,880,548	2,498,654	2,747,132	2,639,008
Cultural and Recreation	975,215	925,945	553,467	603,398	1,171,045
Other	1,275,499	1,182,237	1,150,563	1,078,281	1,192,966
Interest on Long-Term Debt	110,250	75,337	0	0	0
Unallocated Depreciation	<u>347,094</u>	<u>347,094</u>	<u>311,235</u>	<u>311,235</u>	<u>311,235</u>
<b><i>Total Expenses</i></b>	<u>9,595,058</u>	<u>9,412,543</u>	<u>8,482,703</u>	<u>8,639,756</u>	<u>9,905,889</u>
<b><i>Increase in Net Position</i></b>	<u>\$ 1,102,713</u>	<u>\$ 1,543,219</u>	<u>\$ 1,732,526</u>	<u>\$ 797,761</u>	<u>\$ 2,239,502</u>

# TOWNSHIP OF HANOVER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2023

### *Governmental Activities*

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

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

**Table 3 Net Cost of Services**

	2023	2022	2021	2020	2019
General Government	\$ 89,144	\$ 629,868	\$ 368,599	\$ 3,496	\$ 510,600
Public Safety	(2,907,810)	(2,531,714)	(2,632,345)	(2,497,018)	(2,439,606)
Public Works	(1,283,822)	(1,337,850)	(991,052)	(1,196,270)	(461,064)
Cultural and Recreation	(214,125)	(628,340)	(426,564)	(472,891)	(641,181)
Other	(1,275,499)	(1,182,237)	(1,055,626)	(1,076,113)	(1,192,966)
Interest on Long-Term Debt	(110,250)	(75,337)	0	0	0
Unallocated Depreciation	<u>(347,094)</u>	<u>(347,094)</u>	<u>(311,235)</u>	<u>(311,235)</u>	<u>(311,235)</u>
	<u>\$ (6,049,456)</u>	<u>\$ (5,472,704)</u>	<u>\$ (5,048,223)</u>	<u>\$ (5,550,031)</u>	<u>\$ (4,535,452)</u>

### *Defining the Classifications of Expenditure:*

- General Government activities includes the activities of the legislative board of Supervisors, the Office of Township Manager, financial administration, legal counsel, insurance, and physical plant.
- Public Safety activities includes police protection, code enforcement, fire protection, and planning.
- Public Works includes general services, servicing of streets and storm sewers, snow and ice removal, and maintenance of public facilities.
- Cultural and Recreation includes the community center, library, parks, and special events.
- Other includes insurance and employee benefits
- Interest on long-term debt and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the Township. The Township does not currently have outstanding debt.

# **TOWNSHIP OF HANOVER**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

DECEMBER 31, 2023

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### ***Governmental Activities***

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 68% for the year. The community, as a whole, is the primary support for the Township of Hanover. The real estate taxes for the Township are collected from Township residents. The tax on real estate, as levied by the Board. 2023 Taxable assessed valuation is \$570,666,350 for the year was 3.9 mills (\$3.90 per \$1,000 of assessed valuation), 3.4 mills for general purposes and 0.5 mills for fire protection. Assessed valuation for 2020, 2021 and 2022 was \$588,081,250, \$560,081,250 and \$573,390,950 respectively. Assessed valuations of property are determined by Northampton County and the collectors are responsible for collection.

## **REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

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

### ***Governmental Funds***

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

# TOWNSHIP OF HANOVER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2023

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### REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

#### *Governmental Activities*

The following are the Township's governmental funds:

##### **General Fund (Major Fund)**

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

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

##### **Special Revenue Fund (Non-major Fund)**

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

##### **Debt Service Fund (Non-major Fund)**

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

The following are the Township's other funds:

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



# TOWNSHIP OF HANOVER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2023

### THE TOWNSHIP'S FUNDS

As indicated above, these funds are accounted for using the cash basis of accounting. All funds governmental had total revenues of \$10,697,771 and \$10,955,762 in 2023 and 2022, respectively, with expenditures of \$16,,706,675 and \$9,634,469 in 2023 and 2022, respectively, which is chiefly related to the Pool Project Construction in Progress and servicing debt. Other financing sources and uses include transfers between the funds and net out to \$0. The net change in fund balance for the year 2023 was a decrease of \$6,257,142 for the same reason, where 2022 saw an increase of only \$8,821,293 for governmental funds of which \$7,500,000 is note proceeds.

### GENERAL FUND BUDGETING HIGHLIGHTS

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

### CAPITAL ASSETS

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

**Table 4 Capital Assets**

	Balance, Beginning	Additions	Disposals	Balance, Ending
<b>CAPITAL ASSETS</b>				
Land and Land Improvements	\$ 6,665,638	\$	\$	\$ 6,665,638
Infrastructure	3,658,453	20,186		3,678,639
Building & Improvements	9,927,342	6,671,735		16,599,077
Furniture and Equipment	5,071,184	689,028		5,760,212
	<u>\$ 25,322,617</u>	<u>\$ 7,380,949</u>	<u>\$ 0</u>	<u>\$ 32,703,566</u>
ACCUMULATED DEPRECIATION	\$ 7,429,104	\$ 347,094	\$ 0	\$ 7,776,198

# **TOWNSHIP OF HANOVER**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

DECEMBER 31, 2023

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### **CURRENT FINANCIAL ISSUES AND CONCERNS**

In conclusion, The Township of Hanover continues to be financially sound. The Township of Hanover has committed itself to being fiscally responsible for decades and has always appropriately addressed the Township's ongoing fiscal and physical needs. The Board of Supervisors and appointed staff have been forward thinking in the operations and financing of the Township. The Township is also fortunate to have a dedicated staff committed to providing "best in class" services. In addition, the Township's system of financial planning, budgeting, and internal financial controls are well regarded, as the annual audits have demonstrated. The Township plans to continue its sound financial management to meet the challenges of the future.

#### ***Contacting the Township's Financial Management***

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

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

# TOWNSHIP OF HANOVER

## STATEMENT OF NET POSITION - MODIFIED CASH BASIS

DECEMBER 31, 2023

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<i>ASSETS</i>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 3,832,355	\$ 3,250,268
Investments	4,459,967	4,320,992
	<u>8,292,322</u>	<u>7,571,260</u>
<i>Noncurrent Assets</i>		
General Fixed Assets		
Land	6,665,638	6,665,638
Infrastructure	3,678,639	3,658,453
Building & Building Improvements	16,599,077	9,927,342
Equipment	5,760,212	5,071,184
	<u>32,703,566</u>	<u>25,322,617</u>
Accumulated Depreciation	(7,776,198)	(7,429,104)
Net General Fixed Assets	24,927,368	17,893,513
Restricted Cash and Cash Equivalents	18,802,719	25,780,923
	<u>43,730,087</u>	<u>43,674,436</u>
	<u>52,022,409</u>	<u>51,245,696</u>
<i>LIABILITIES</i>		
<i>Current Liabilities</i>		
Current Portion of LT Debt - notes payable	330,000	326,000
<i>Noncurrent Liabilities</i>		
Notes Payable - Long term	6,844,000	7,174,000
	<u>7,174,000</u>	<u>7,500,000</u>
<i>NET POSITION</i>		
Investment in Capital Assets Net of Related Debt	17,753,368	10,393,513
Restricted for:		
Capital Projects	11,062,258	15,279,754
Specified Projects	8,859,945	11,336,439
Specified use	3,806,494	3,353,517
Unrestricted	3,366,344	3,382,473
	<u>\$ 44,848,409</u>	<u>\$ 43,745,696</u>

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

# TOWNSHIP OF HANOVER

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2023

2023					
				Net (Expense) Revenue and Changes in Net Assets	
Program Revenues					2022
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Memorandum Total
\$ 908,416	\$ 388,696	\$ 608,864	\$	\$ 89,144	\$ 629,868
3,115,642	100,461	107,371		(2,907,810)	(2,531,714)
2,862,942	1,165,341	413,779		(1,283,822)	(1,337,850)
975,215	761,090			(214,125)	(628,340)
1,275,499				(1,275,499)	(1,182,237)
110,250				(110,250)	(75,337)
347,094				(347,094)	(347,094)
<u>\$ 9,595,058</u>	<u>\$ 2,415,588</u>	<u>\$ 1,130,014</u>	<u>\$ 0</u>	<u>(6,049,456)</u>	<u>(5,472,704)</u>
<b>General revenues:</b>					
Taxes:					
Property Taxes, levied for general purposes				1,872,424	1,948,584
Property Taxes, levied for fire protection				277,870	269,915
Real Estate Transfer Taxes				358,915	556,818
Local Services Taxes				582,131	584,659
Mercantile Taxes				958,401	874,513
Earned Income Taxes				2,788,361	2,726,106
Interest Income				314,067	55,328
<i>Total general revenues, special items, and transfers</i>				<u>7,152,169</u>	<u>7,015,923</u>
<b>Change in Net Position</b>				1,102,713	1,543,219
<i>Net Position—beginning</i>				<u>43,745,696</u>	<u>42,202,477</u>
<i>Net Position—ending</i>				\$ 44,848,409	\$ 43,745,696

# TOWNSHIP OF HANOVER

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2023

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***Total Fund Balances - Governmental Funds (CASH BASIS)***                      \$ 27,095,041

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

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

<i>Capital Assets</i>	32,703,566
<i>Accumulated Depreciation</i>	(7,776,198)

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

<i>Notes Payable</i>	(7,174,000)
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***Total Net Position - Governmental Activities (MODIFIED CASH BASIS)***                      \$ 44,848,409

# TOWNSHIP OF HANOVER

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

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***Total net change in fund balances - governmental funds (CASH BASIS)***    \$   (6,257,142)

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

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

<i>Depreciation</i>	(347,094)
<i>Capital Outlay</i>	7,380,949

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

326,000

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

0

***Change in net position of governmental activities (MODIFIED CASH BASIS)***    \$   1,102,713

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



# TOWNSHIP OF HANOVER

## COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

### GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	2023					
	Major Funds			Non-Major Funds	Total	2022
	General	Capital Projects	Total	Special Revenue	Governmental Funds	Memorandum Total
<b>ASSETS</b>						
Cash - unrestricted	\$ 168,313	\$ 234,821	\$ 403,134	\$ 3,429,221	\$ 3,832,355	\$ 3,250,268
Cash - restricted	8,859,945	6,901,328	15,761,273		15,761,273	22,280,923
Due from other funds			-		0	78,058
Investments - unrestricted	3,198,031	884,663	4,082,694	377,273	4,459,967	4,320,992
Investments - restricted		3,041,446	3,041,446		3,041,446	3,500,000
	<u>\$ 12,226,289</u>	<u>\$ 11,062,258</u>	<u>\$ 23,288,547</u>	<u>\$ 3,806,494</u>	<u>\$ 27,095,041</u>	<u>\$ 33,430,241</u>
<b>LIABILITIES</b>						
Due to other funds	\$	\$	\$	\$	\$	\$ 78,058
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78,058</u>
<b>FUND BALANCE</b>						
Assigned	8,859,945	11,062,258	19,922,203	0	19,922,203	26,616,193
Unassigned	3,366,344	0	3,366,344	3,806,494	7,172,838	6,735,990
	<u>12,226,289</u>	<u>11,062,258</u>	<u>23,288,547</u>	<u>3,806,494</u>	<u>27,095,041</u>	<u>33,352,183</u>
	<u>\$ 12,226,289</u>	<u>\$ 11,062,258</u>	<u>\$ 23,288,547</u>	<u>\$ 3,806,494</u>	<u>\$ 27,095,041</u>	<u>\$ 33,430,241</u>

**TOWNSHIP OF HANOVER**
**COMBINED STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>							<b>2022</b>
	<b>Major Funds</b>			<b>Non-Major Funds</b>			<b>Total</b>	
	<b>General</b>	<b>Capital Projects</b>	<b>Total</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Total</b>	<b>Governmental Funds</b>	<b>Memorandum Total</b>
<b>REVENUES</b>								
Taxes	\$ 6,560,232	\$	\$ 6,560,232	\$ 277,870	\$	\$ 277,870	\$ 6,838,102	\$ 6,960,595
Licenses and permits	188,093		188,093			0	188,093	197,644
Fines and forfeitures	37,264		37,264			0	37,264	38,888
Interest income	163,988	140,513	304,501	9,566		9,566	314,067	55,328
Intergovernmental revenue	482,018		482,018	413,779		413,779	895,797	1,448,555
Charges for services -								
Other	1,012,981		1,012,981			0	1,012,981	994,315
Solid waste collection and disposal	1,002,402		1,002,402			0	1,002,402	964,349
Other		409,065	409,065			0	409,065	296,088
	<u>9,446,978</u>	<u>549,578</u>	<u>9,996,556</u>	<u>701,215</u>	<u>0</u>	<u>701,215</u>	<u>10,697,771</u>	<u>10,955,762</u>
<b>EXPENDITURES</b>								
Current								
General government	908,416	83,397	991,813			0	991,813	970,820
Public safety	3,115,642		3,115,642			0	3,115,642	3,030,562
Public works	2,381,444	873,542	3,254,986	248,238		0	3,254,986	3,347,193
Recreation	1,044,147	6,588,338	7,632,485			0	7,632,485	1,028,320
Other	1,275,499		1,275,499			0	1,275,499	1,182,237
Debt Service								
Principal			0		326,000	326,000	326,000	0
Interest			0		110,250	110,250	110,250	75,337
	<u>8,725,148</u>	<u>7,545,277</u>	<u>16,270,425</u>	<u>248,238</u>	<u>436,250</u>	<u>436,250</u>	<u>16,706,675</u>	<u>9,634,469</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>721,830</u>	<u>(6,995,699)</u>	<u>(6,273,869)</u>	<u>452,977</u>	<u>436,250</u>	<u>264,965</u>	<u>(6,008,904)</u>	<u>1,321,293</u>
<b>OTHER FINANCING (USES) SOURCES</b>								
Proceeds from issuing general obligation notes			0			0	0	7,500,000
Operating transfers in	472,999	2,839,096	3,312,095		436,250	436,250	3,748,345	1,691,429
Operating transfers out	(3,687,452)	(60,893)	(3,748,345)			0	(3,748,345)	(1,691,429)
	<u>(3,214,453)</u>	<u>2,778,203</u>	<u>(436,250)</u>	<u>0</u>	<u>436,250</u>	<u>436,250</u>	<u>-</u>	<u>7,500,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES</b>	<u>(2,492,623)</u>	<u>(4,217,496)</u>	<u>(6,710,119)</u>	<u>452,977</u>	<u>0</u>	<u>452,977</u>	<u>(6,257,142)</u>	<u>8,821,293</u>
<b>FUND BALANCES, JANUARY 1</b>	<u>14,718,912</u>	<u>15,279,754</u>	<u>29,998,666</u>	<u>3,353,517</u>	<u>0</u>	<u>3,353,517</u>	<u>33,352,183</u>	<u>24,530,890</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 12,226,289</u>	<u>\$ 11,062,258</u>	<u>\$ 23,288,547</u>	<u>\$ 3,806,494</u>	<u>\$ 0</u>	<u>\$ 3,806,494</u>	<u>\$ 27,095,041</u>	<u>\$ 33,352,183</u>

**TOWNSHIP OF HANOVER**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

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	<b>Pension Trust</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>ASSETS</b>		
Investments - restricted	\$ <u>10,962,801</u>	\$ <u>9,660,913</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>	\$ <u>0</u>	\$ <u>0</u>
<b>NET ASSETS</b>		
Reserved for retirement benefits	<u>10,962,801</u>	<u>9,660,913</u>
	<u>\$ 10,962,801</u>	<u>\$ 9,660,913</u>

**TOWNSHIP OF HANOVER****STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS**

FIDUCIARY FUND TYPES

YEAR ENDED DECEMBER 31, 2023

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	<b>Pension Trust</b>	
	<b>2023</b>	<b>2022</b>
<b>ADDITIONS</b>		
Township Contributions	\$ 441,428	\$ 374,564
Interest, dividends, and net unrealized gains/losses	<u>1,440,827</u>	<u>(1,775,669)</u>
	<u>1,882,255</u>	<u>(1,401,105)</u>
<b>DEDUCTIONS</b>		
Administrative expenses	56,164	55,733
Pension benefits	<u>524,203</u>	<u>388,278</u>
	<u>580,367</u>	<u>444,011</u>
CHANGE IN NET ASSETS	1,301,888	(1,845,116)
<b>NET ASSETS, JANUARY 1</b>	<u>9,660,913</u>	<u>11,506,029</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 10,962,801</u>	<u>\$ 9,660,913</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

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

#### **Principles Determining Scope of Reporting Entity**

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

#### **Basis of Accounting**

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

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

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2023

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting (continued)**

##### FUND FINANCIAL STATEMENTS:

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

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

##### GOVERNMENTAL FUNDS:

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

#### ***GOVERNMENTAL FUND TYPES***

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

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

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

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2023

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Debt Service Fund (Non-major Fund)**

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

#### ***PROPRIETARY FUND TYPES***

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

#### ***FIDUCIARY FUND TYPES***

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

#### **MEASUREMENT FOCUS:**

##### **Government-wide Financial Statements:**

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

##### **Fund Financial Statements:**

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



# **TOWNSHIP OF HANOVER**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

DECEMBER 31, 2023

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### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting (continued)**

##### **Cash and Investments**

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

##### **Capital Assets**

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

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

##### **Use of Estimates**

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

##### **Debt and Debt Service**

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

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2023

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Budgets and Budgetary Accounting**

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

#### **Pension Plan**

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

#### **Transfers**

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

#### **Fund Equity**

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

#### **Accounting and Financial Reporting for Pensions**

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

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2023

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### NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

***Custodial credit risk –deposits*** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the bank balance of the Township's deposits with financial institutions including cash equivalent investments was \$8,292,322. The remaining balances was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. The total amount of investments not secured by federal depository insurance was collateralized by securities pledged by the financial institution for such funds, but not in the Township's name. Investments have received an AAAm rating from Standards & Poors with \$18,802,719.

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

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2023

### NOTE 3 PROPERTY TAXES

Property taxes are levied on a calendar year basis, and are assessed on February 1. The taxes are due May 31. A discount of 2% is available through March 31, and a penalty of 10% is charged on payments after May 31. Taxable assessed valuation is \$570,666,350 at 3.4 mills for general purposes and 0.5 mills for fire protection.

### NOTE 4 DEBT AND DEBT SERVICE

General Obligation Note, Series 2022 \$7,500,000

Dated January 25th, 2022, the Township Authorized issuance of General Obligation Notes, Series 2022 in the amount of \$7,500,000. The note bears in interest of 1.470%, payments commence in October 2022 of interest only in 2022 with maturity in April 2042. The chief purpose of the note is to finance the Hanover Township Pool Project and related costs. Principal payments range from \$326,000 in 2023 to \$429,000 at maturity in 2042.

### NOTE 5 CAPITAL ASSETS

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

	Balance, Beginning	Additions	Disposals	Balance, Ending
<b>CAPITAL ASSETS</b>				
Land and Land Improvements	\$ 6,665,638	\$	\$	\$ 6,665,638
Infrastructure	3,658,453	20,186		3,678,639
Building & Improvements	9,927,342	6,671,735		16,599,077
Furniture and Equipment	5,071,184	689,028		5,760,212
	<u>\$ 25,322,617</u>	<u>\$ 7,380,949</u>	<u>\$ 0</u>	<u>\$ 32,703,566</u>
ACCUMULATED DEPRECIATION	\$ 7,429,104	\$ 347,094	\$ 0	\$ 7,776,198

# TOWNSHIP OF HANOVER

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2023

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### NOTE 6 LITIGATION

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

### NOTE 7 FUND BALANCE REPORTING

GASB 54 is intended to improve the usefulness of the amounts reported in fund balance by providing more structured classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds to five fund balance classifications (*nonspendable, restricted, committed, assigned, and unassigned*). The hierarchy of five possible classifications of fund balance is:

#### **Nonspendable Fund Balance**

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

#### **Restricted Fund Balance**

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

#### **Committed Fund Balance**

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

#### **Assigned Fund Balance**

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

#### **Unassigned Fund Balance**

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

**NOTE 8     DEFINED BENEFIT PENSION PLAN**

**In accordance with bi-annual actuarial reporting**

**A.    Plan Description**

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

The Hanover Township filed actuarial valuation report Form 203 C with the Public Employee Retirement Commission. The report dated February 20, 2024, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Non-Uniformed employees.

**B.    Employees Covered by the Plan**

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

	<u>2024</u>	<u>2023</u>
Active employees	9	10
Retirees and beneficiaries currently receiving benefits	11	9
Terminated employees entitled to benefits but not yet receiving them	2	2
Total	22	21

**C    Benefit Provisions**

As of January 1, 2024, the pension plan provides for retirement and other benefits as shown Pension Plan Report.

**D.    Contributions**

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

**TOWNSHIP OF HANOVER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2023**

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**NOTE 8     DEFINED BENEFIT PENSION PLAN**

**D. Contributions (continued)**

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

**Summary of Significant Accounting Policies**

**A. Basis of Accounting**

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

**B. Valuation of Investments**

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

**Investments**

**A. Investment Policy**

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Asset Class</u>	<u>Target</u>
Domestic Equity	55%	International Equity	8%
Fixed Income	31%	Cash	6%

**TOWNSHIP OF HANOVER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2023**

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**NOTE 8     DEFINED BENEFIT PENSION PLAN**

**Deferred Retirement Option Program (DROP)**

The plan does not provide a Deferred Retirement Option Program.

**Pension Liability**

**A.   Net Pension Liability**

The components of the net pension liability of the municipality as of December 31, 2023 were as follows:

Total Pension Liability (TPL)	\$ 13,411,745
Plan Fiduciary Net Position	\$ 10,962,801
Net Pension Liability (NPL)	\$ 2,448,944

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.7%
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**B.   Actuarial Assumptions**

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2023. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2023.

**C.   Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.17%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	6.20%	International Equity	6.91%
Mid Cap	7.25%	Fixed Income	3.51%
Small Cap	7.25%	Real Estate	5.01%
		Cash	0.76%



NOTE 8     DEFINED BENEFIT PENSION PLAN

D.    Discount Rate

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

E.    Net Pension Liability Sensitivity

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$3,955,603	\$2,448,944	\$1,176,049

**TOWNSHIP OF HANOVER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2023**

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**NOTE 8     DEFINED BENEFIT PENSION PLAN**

**F.   Changes in Net Pension Liability**

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at 12/31/2022</b>	\$ 12,253,137	\$ 9,660,912	\$ 2,592,225
<b>Changes for the year:</b>			
Service Cost	102,082		102,082
Interest	953,989		953,989
Changes in Benefit Terms			
Differences Between Expected and Actual Experience	626,740		626,740
Changes of Assumptions.			
Contributions – Employer		295,731	295,731
Contributions - State Aid.		145,697	145,697
Contributions - Member			
Net Investment Income		1,384,664	1,384,664
Benefit Payments	(524,203)	(524,203)	
Administrative Expense			
Other Changes			
<b>Balances at 12/31/2023</b>	<b>\$ 13,411,745</b>	<b>\$ 10,962,801</b>	<b>\$ 2,448,944</b>

**Pension Expense for Fiscal Year Ended December 31, 2023:**

Service Cost	\$ 102,082
Interest on Total Pension Liability	953,989
Changes in Benefit Terms	0
Differences Between Expected and Actual Experience	74,390
Changes of Assumptions	103,977
Employee Contributions	0
Projected Earnings on Pension Plan Investments	(713,188)
Differences Between Projected and Actual Earnings on Investments	138,160
Administrative Expense	0
Other Changes in Fiduciary Net Position	0
<b>Total Pension Expense</b>	<b>\$ 659,410</b>

**TOWNSHIP OF HANOVER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2023**

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**NOTE 8     DEFINED BENEFIT PENSION PLAN**

**Deferred Outflows and Deferred Inflows of Resources**

For the year ended December 31, 2023, the municipality recognized a pension expense of \$659,410. At December 31, 2023, the municipality reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

Differences Between Expected and Actual Experience	\$ 453,425
Changes in Assumptions	\$ 208,134
Net Difference Between Projected and Actual Earnings on Pension Plan Investments(Deferred Outflow)	\$ 750,402

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

Year Ended December 31:

2024	451,381
2025	449,544
2026	519,984
2027	(8,948)

## **C O M B I N I N G   S C H E D U L E S**

**TOWNSHIP OF HANOVER****COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS****SPECIAL REVENUE FUNDS - NONMAJOR FUNDS**DECEMBER 31, 2023

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	<b>Liquid Fuels</b>	<b>Fire Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash - unrestricted	\$ 1,577,169	\$ 1,852,052	\$ 3,429,221
Investments - unrestricted	<u>377,273</u>	<u></u>	<u>377,273</u>
	<u>\$ 1,954,442</u>	<u>\$ 1,852,052</u>	<u>\$ 3,806,494</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances:</b>			
Unassigned	<u>1,954,442</u>	<u>1,852,052</u>	<u>3,806,494</u>
	<u>\$ 1,954,442</u>	<u>\$ 1,852,052</u>	<u>\$ 3,806,494</u>

**TOWNSHIP OF HANOVER****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES - CASH BASIS****SPECIAL REVENUE FUNDS - NONMAJOR FUNDS**YEAR ENDED DECEMBER 31, 2023

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	<b>Liquid Fuels</b>	<b>Fire Tax</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$	\$ 277,870	\$ 277,870
Interest income	5,197	4,369	9,566
Intergovernmental revenue	<u>413,779</u>		<u>413,779</u>
	<u>418,976</u>	<u>282,239</u>	<u>701,215</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			0
Public works	<u>248,238</u>		<u>248,238</u>
	<u>248,238</u>	<u>0</u>	<u>248,238</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>170,738</u>	<u>282,239</u>	<u>452,977</u>
<b>OTHER FINANCING (USES) SOURCES</b>			
Operating transfers in			0
Operating transfers out			<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND AND FINANCING (USES) SOURCES</b>	170,738	282,239	452,977
<b>FUND BALANCES, JANUARY 1</b>	<u>1,783,704</u>	<u>1,569,813</u>	<u>3,353,517</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 1,954,442</u>	<u>\$ 1,852,052</u>	<u>\$ 3,806,494</u>

**TOWNSHIP OF HANOVER****COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS****CAPITAL PROJECTS FUNDS - MAJOR FUNDS**DECEMBER 31, 2023

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	<b>Capital Reserve</b>	<b>Plans &amp; Appeals</b>	<b>Impact Fees</b>	<b>Total</b>
<b>ASSETS</b>				
Cash - unrestricted	\$ 2,215	\$ 229,363	\$ 3,243	\$ 234,821
Cash - restricted	5,542,682		1,358,646	6,901,328
Investments - unrestricted	884,663			884,663
Investments - restricted	3,041,446			3,041,446
	<u>\$ 9,471,006</u>	<u>\$ 229,363</u>	<u>\$ 1,361,889</u>	<u>\$ 11,062,258</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0	0
<b>Fund balances:</b>				
Assigned	9,471,006	229,363	1,361,889	11,062,258
Unassigned				0
	<u>\$ 9,471,006</u>	<u>\$ 229,363</u>	<u>\$ 1,361,889</u>	<u>\$ 11,062,258</u>

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

YEAR ENDED DECEMBER 31, 2023

	<b>Capital Reserve</b>	<b>Plans &amp; Appeals</b>	<b>Impact Fees</b>	<b>Total</b>
<b>REVENUES</b>				
Interest income	\$ 136,650	\$ 468	\$ 3,395	\$ 140,513
Charges for Service				0
Intergovernmental revenue				0
Developer contributions	<u>177,603</u>	<u>229,218</u>	<u>2,244</u>	<u>409,065</u>
	<u>314,253</u>	<u>229,686</u>	<u>5,639</u>	<u>549,578</u>
<b>EXPENDITURES</b>				
Current				
General Government	83,397			83,397
Public Safety				0
Public works	640,282	233,260		873,542
Cultural and recreation	<u>6,588,338</u>			<u>6,588,338</u>
	<u>7,312,017</u>	<u>233,260</u>	<u>0</u>	<u>7,545,277</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,997,764)</u>	<u>(3,574)</u>	<u>5,639</u>	<u>(6,995,699)</u>
<b>OTHER FINANCING (USES) SOURCES</b>				
Proceeds from issuing general obligation notes				-
Operating transfers in	2,839,096			2,839,096
Operating transfers out	<u>(60,893)</u>			<u>(60,893)</u>
	<u>2,778,203</u>	<u>0</u>	<u>0</u>	<u>2,778,203</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND AND FINANCING (USES) SOURCES</b>	<u>(4,219,561)</u>	<u>(3,574)</u>	<u>5,639</u>	<u>(4,217,496)</u>
<b>FUND BALANCES, JANUARY 1</b>	<u>13,690,567</u>	<u>232,937</u>	<u>1,356,250</u>	<u>15,279,754</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 9,471,006</u>	<u>\$ 229,363</u>	<u>\$ 1,361,889</u>	<u>\$ 11,062,258</u>



**DETAIL SCHEDULES OF REVENUE  
AND EXPENDITURES**

**TOWNSHIP OF HANOVER**  
**SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
<i>TAXES</i>			
Real Estate	\$ 1,956,131	\$ 1,872,424	\$ (83,707)
Real Estate Transfer	500,000	358,915	(141,085)
Local Services Tax	598,000	582,131	(15,869)
Mercantile	870,000	958,401	88,401
Earned Income Tax	2,825,000	2,788,361	(36,639)
	<u>6,749,131</u>	<u>6,560,232</u>	<u>(188,899)</u>
<i>LICENSES AND PERMITS</i>			
Cable television licenses	200,000	188,093	(11,907)
Permits			0
	<u>200,000</u>	<u>188,093</u>	<u>(11,907)</u>
<i>FINES AND FORFEITURES</i>			
Forfeitures	0	0	0
Fines and Code Violations	39,000	37,264	(1,736)
	<u>39,000</u>	<u>37,264</u>	<u>(1,736)</u>
<i>INTEREST AND RENTS</i>			
Interest on investments	80,000	163,988	83,988
Rents	159,000	174,848	15,848
	<u>239,000</u>	<u>338,836</u>	<u>99,836</u>
<i>INTERGOVERNMENTAL REVENUE</i>			
State public utility tax	6,184	6,226	42
Other government (ARA)			0
Alcoholic beverage taxes	2,200	2,400	200
Foreign fire insurance premium tax	110,000	107,371	(2,629)
Recycling	64,800	45,476	(19,324)
Pension fund state aid	124,331	145,697	21,366
	<u>307,515</u>	<u>307,170</u>	<u>(345)</u>
<i>CHARGES FOR SERVICES</i>			
General Government	13,301	25,755	12,454
Solid waste collection and disposal	1,045,288	1,002,402	(42,886)
Sanitary sewer fee	185,500	162,939	(22,561)
Public Safety	80,550	63,197	(17,353)
Recreation & Community Center	738,542	761,090	22,548
	<u>2,063,181</u>	<u>2,015,383</u>	<u>(47,798)</u>
<i>OTHER</i>			
Proceeds from sale of fixed assets	0	0	0
Other	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<b>\$ 9,597,827</b>	<b>\$ 9,446,978</b>	<b>\$ (150,849)</b>

**TOWNSHIP OF HANOVER**  
**SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><i>EXPENDITURES:</i></b>			
<b><i>GENERAL GOVERNMENT</i></b>			
Legislative and Governing Body	\$ 207,599	\$ 183,488	\$ 24,111
Executive / Manager	161,322	161,119	203
Financial services	16,700	13,283	3,417
Tax Collection	44,800	43,937	863
Legal services	51,000	33,340	17,660
Treasurer, Secretary and Clerk	265,549	246,559	18,990
Engineering services	69,500	72,306	(2,806)
Buildings and Plant	96,750	154,384	(57,634)
	<u>913,220</u>	<u>908,416</u>	<u>4,804</u>
<b><i>PUBLIC SAFETY</i></b>			
Police	2,398,740	2,398,740	0
Fire	427,850	424,837	3,013
Ambulance			0
Crossing Guards	15,500	14,840	660
Emergency Management	2,500	369	2,131
Animal Control			0
Protective Inspection	270,909	249,897	21,012
Planning and Zoning	35,400	26,959	8,441
	<u>3,150,899</u>	<u>3,115,642</u>	<u>35,257</u>
<b><i>PUBLIC WORKS</i></b>			
Recycling	102,750	88,957	13,793
Solid waste collection and disposal	977,788	1,001,436	(23,648)
Wastewater and sewage collection and disposal	121,410	108,840	12,570
Highways, Streets and General services	1,082,143	744,278	337,865
Winter maintenance	52,584	22,590	29,994
Traffic control	104,108	116,057	(11,949)
Street Lighting	140,000	92,372	47,628
Repairs of tools and machinery	131,236	105,562	25,674
Maintenance and repair of roads	122,600	91,945	30,655
Other public works	50,000	9,407	40,593
	<u>2,884,619</u>	<u>2,381,444</u>	<u>503,175</u>

**TOWNSHIP OF HANOVER**  
**SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><i>EXPENDITURES (continued):</i></b>			
<i>RECREATION AND COMMUNITY</i>			
Libraries	223,000	222,581	419
Shade Tree	8,500	8,208	292
Open space	41,840	28,701	13,139
Recreation & Community Center	876,329	784,657	91,672
Community development			0
	<u>1,149,669</u>	<u>1,044,147</u>	<u>105,522</u>
<i>MISCELLANEOUS</i>			
Pension contributions	506,794	483,725	23,069
Workers compensation	35,000	30,280	4,720
Unemployment compensation			0
Employee Benefits	613,000	550,118	62,882
Insurance premiums	80,000	70,316	9,684
Social Security	134,000	127,316	6,684
Refund of prior year tax			0
Other	12,500	13,744	(1,244)
	<u>1,381,294</u>	<u>1,275,499</u>	<u>105,795</u>
<b><i>TOTAL EXPENDITURES</i></b>	<b><u>\$ 9,479,701</u></b>	<b><u>\$ 8,725,148</u></b>	<b><u>\$ 754,553</u></b>