NEW HANOVER TOWNSHIP

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2025

Maillie

ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Supervisors
New Hanover Township
Gilbertsville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Hanover Township, as of and for the year ended December 31, 2025, 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.

In our opinion, the accompanying financial statements 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 New Hanover Township, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hanover Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

New Hanover Township's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hanover Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Supervisors
New Hanover Township
Gilbertsville, Pennsylvania

Auditors' Responsibilities for the Audit of 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 auditors' 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 GAAS 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 GAAS, 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 New Hanover Township'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 New Hanover Township'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 6(v) and the required supplementary information on pages 51 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Board of Supervisors
New Hanover Township
Gilbertsville, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Hanover Township's basic financial statements. The combining balance sheet – other governmental funds, combining statement of revenues, expenditures and changes in fund balances – other governmental funds, combining schedule of net position – fiduciary funds, combining schedule of changes in net position – fiduciary funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – other governmental funds, combining statement of revenues, expenditures and changes in fund balances – other governmental funds, combining schedule of net position – fiduciary funds, and the combining schedule of changes in net position – fiduciary funds 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 balance sheet – other governmental funds, combining statement of revenues, expenditures and changes in fund balances – other governmental funds, combining schedule of net position – fiduciary funds and the combining schedule of changes in net position – fiduciary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maillie LLP

Limerick, Pennsylvania
May 20, 2026

The discussion and analysis contained herein of New Hanover Township's financial performance provides an overview of the Township's financial activities for the fiscal year ending December 31, 2025. This information needs to be read in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

The Township's net position decreased by $536,932 as a result of this year's operations. Net position of our governmental activities decreased by $438,850 and the net position of our business-type activities decreased by $98,082.

In 2025, Sewer Fund operating revenues increased by 5.6% and expenses were 12.3% lower than the previous year.

The General Fund reported a fund balance of $1,423,998 this year compared to a fund balance of $1,877,281 last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include an independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position. The management's discussion and analysis (MD&A), prepared by the Township's management, provides a narrative introduction and overview that users of the financial statements need in order to interpret the basic financial statements. The MD&A also provides an analysis of key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statements of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Township.

- The *statement of net position* focuses on resources available for future operations. This statement presents a view of the assets the Township owns, the liabilities it owes and the net difference.

- The *statement of activities* focuses on gross and net costs of Township programs and the extent to which programs rely on taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

- *Fund financial statements* focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are represented in their own columns, and the remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Fund represents the Sewer Fund and can be found in more detail beginning with the statement of net position, Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government, i.e., Employee Pension Funds. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.

- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other required supplementary information consisting of budgetary comparisons of the General Fund and pension plan funding progress is provided.

Other supplementary information consisting of the balance sheet and statement of revenues, expenditures and changes in fund balances for Nonmajor Governmental Funds and Fiduciary Funds is also provided.

REPORTING THE TOWNSHIP AS A WHOLE

The analysis of the Township as a whole begins with the statement of net position.

Is the Township as a whole better off or worse off as a result of the year's activities? The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps to answer this question. We divide the Township into two kinds of activities:

- ***Governmental Activities***: These are the Township's basic services and are reported in this category. They include general administration, police, public works, code enforcement and parks and recreation. Real estate and EIT taxes, fees and charges and grants finance most of these activities.

- ***Proprietary Activities***: This category includes services provided through the Sewer Fund. These activities are funded via user charges. The Sewer Fund is comprised of revenues and expenditures that relate to the sewer operations operated by the Township.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The following tables reflect the condensed statements of net position.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	$ 10,908,310	$ 11,298,637	$ 1,501,445	$ 1,973,931	$ 12,409,755	$ 13,272,568
Net pension asset	414,868	198,739	53,380	114,236	468,248	312,975
Capital assets	26,989,216	27,682,002	20,321,190	20,081,577	47,310,406	47,763,579
TOTAL ASSETS	38,312,394	39,179,378	21,876,015	22,169,744	60,188,409	61,349,122
DEFERRED OUTFLOWS OF RESOURCES	380,120	609,905	-	46,891	380,120	656,796
LIABILITIES						
Other liabilities	319,164	650,556	616,174	285,304	935,338	935,860
Long-term liabilities	2,279,933	2,915,715	2,067,728	2,658,508	4,347,661	5,574,223
TOTAL LIABILITIES	2,599,097	3,566,271	2,683,902	2,943,812	5,282,999	6,510,083
DEFERRED INFLOWS OF RESOURCES	412,636	103,381	17,372	-	430,008	103,381
NET POSITION						
Net investment in capital assets	24,917,492	25,309,278	18,262,190	17,441,577	43,179,682	42,750,855
Restricted	7,839,094	6,816,198	53,380	114,236	7,892,474	6,930,434
Unrestricted	2,924,195	3,994,155	859,171	1,717,010	3,783,366	5,711,165
TOTAL NET POSITION	$ 35,680,781	$ 36,119,631	$ 19,174,741	$ 19,272,823	$ 54,855,522	$ 55,392,454

For more detailed information, see the statement of net position on page 7 of the annual financial report.

Statement of Activities

The following tables reflect the revenues and expenses for the current period.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues						
Charges for services	$ 490,188	$ 542,310	$ 2,214,804	$ 2,096,412	$ 2,704,992	$ 2,638,722
Operating grants and contributions	879,782	2,030,141	26,663	25,166	906,445	2,055,307
Capital grants and contributions	-	110,480	-	-	-	110,480
General revenues						
Taxes						
Real estate	1,238,708	1,237,497	-	-	1,238,708	1,237,497
Real estate transfer	388,805	385,927	-	-	388,805	385,927
Per capita	41,970	41,554	-	-	41,970	41,554
Earned income	4,344,863	4,150,390	-	-	4,344,863	4,150,390
Local services	17,037	17,923	-	-	17,037	17,923
Interest income	465,326	646,008	54,401	101,050	519,727	747,058
Gain on sale of assets	12,566	3,122	25,600	-	38,166	3,122
Miscellaneous	7,773	18,203	-	-	7,773	18,203
TOTAL REVENUES	7,887,018	9,183,555	2,321,468	2,222,628	10,208,486	11,406,183
EXPENDITURES						
General government	1,640,375	3,142,358	-	-	1,640,375	3,142,358
Public safety - police	2,912,932	2,201,024	-	-	2,912,932	2,201,024
Public safety - fire	416,990	413,314	-	-	416,990	413,314
Public safety - other	361,813	478,722	-	-	361,813	478,722
Public works - highways and streets	1,692,341	1,601,780	-	-	1,692,341	1,601,780
Culture and recreation	320,656	244,618	-	-	320,656	244,618
Community development	20,005	94,863	-	-	20,005	94,863
Debt service	20,634	23,478	-	-	20,634	23,478
Insurance	74,831	74,820	-	-	74,831	74,820
Sewer	-	-	2,419,550	2,760,245	2,419,550	2,760,245
Miscellaneous	19,326	1,224	-	-	19,326	1,224
Depreciation	845,965	1,004,009	-	-	845,965	1,004,009
TOTAL EXPENDITURES	8,325,868	9,280,210	2,419,550	2,760,245	10,745,418	12,040,455
CHANGE IN NET POSITION	(438,850)	(96,655)	(98,082)	(537,617)	(536,932)	(634,272)
NET POSITION AT BEGINNING OF YEAR	36,119,631	35,879,989	19,272,823	19,838,050	56,026,726	55,718,039
NET POSITION AT END OF YEAR	$ 35,680,781	$ 35,783,334	$ 19,174,741	$ 19,300,433	$ 54,855,522	$ 55,083,767

For more detailed information, see the statement of activities on page 8 of the annual financial report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary adjustments and supplemental appropriations in 2025 were not material. Transfers and/or adjustments to the budget are made as a result of unanticipated expenditures and/or revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

New Hanover Township's investment in capital assets for its governmental and proprietary activities as of December 31, 2025, totaled $26,989,216 and $20,321,190, respectively. The Township's investment in capital assets includes the municipal building, township infrastructure, the sewer system and treatment plant, vehicles and equipment.

Figure A-1
Capital Assets (Net of Depreciation, in Thousands of Dollars)

	Governmental Activities	Business-Type
Land	$ 11,703	$ 2,743
Sanitary sewer system	-	11,752
Wastewater treatment plant	-	4,683
Vehicles	501	122
Infrastructure	9,135	-
Building	4,978	-
Land Improvements	179	-
Machinery and equipment	493	1,021
TOTAL	$ 26,989	$ 20,321

Property, plant, system infrastructure and equipment of the Township are depreciated using the straight-line method.

Additional information on the Township's capital assets can be found in Notes B and E to the financial statements.

Debt

At year-end 2025, the Township had $4,347,661 (see Figure A-2) in outstanding debt. The debt service due within one year is $890,000 which is a combination from Note H, Total Governmental Activities $303,000 and Total Business-Type Activities $587,000.

Figure A-2
Outstanding Long-Term Debt

Notes payable	$ 4,130,724
Compensated absences	$ 54,377
Net pension liability	$ 162,560

ECONOMIC FACTORS IMPACTING FUTURE BUDGETS

The Township adopted its 2025 Budget without a tax increase for the nineteenth consecutive year, following a tax reduction implemented in 2019. During preparation of the 2025 Budget, Township officials evaluated several financial variables and long-term fiscal trends to determine whether a tax increase would be warranted. At that time, many of the key variables under review remained too uncertain or variable to support a recommendation for a tax increase within the 2025 Budget cycle, particularly given that projected year-end General Fund reserves remained consistent with Government Finance Officers Association (GFOA) best practice guidelines.

The GFOA recommends that general-purpose governments maintain an unrestricted General Fund balance of no less than two months of regular operating revenues or expenditures, or approximately 16.6% of annual operating activity. At the time of adoption of the 2025 Budget, the Township projected an unrestricted General Fund balance of approximately 18% by year-end, representing slightly more than two months of operating expenditures and remaining above the threshold recommended by the GFOA.

Despite reserve levels remaining within recommended ranges, financial trends observed during the budget process indicated the potential emergence of a structural imbalance between recurring revenues and expenditures that may warrant consideration of a tax increase as part of the 2026 Budget process. Accordingly, Township officials continued to closely monitor these indicators throughout 2025 during development of the 2026 Budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. Questions about this report or requests for additional financial information can be directed to the Finance Department of New Hanover Township, 2943 North Charlotte Street, Gilbertsville, PA 19525-9718.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash	$ 9,275,556	$ 1,272,756	$ 10,548,312
Accounts receivable	66,608	228,124	294,732
Lease receivable	95,596	-	95,596
Taxes receivable	1,353,063	-	1,353,063
Intergovernmental receivable	19,351	-	19,351
Due from developers	93,770	-	93,770
Prepaids	4,366	565	4,931
Net pension asset	414,868	53,380	468,248
Capital assets			
Land	11,702,771	2,743,421	14,446,192
Land improvements	2,618,595	-	2,618,595
Infrastructure	20,780,321	-	20,780,321
Buildings	8,271,952	-	8,271,952
Sanitary sewer system	-	25,355,921	25,355,921
Wastewater treatment plant	-	10,389,303	10,389,303
Vehicles	5,344,028	842,417	6,186,445
Equipment	1,212,719	1,464,366	2,677,085
Accumulated depreciation	(22,941,170)	(20,474,238)	(43,415,408)
TOTAL ASSETS	38,312,394	21,876,015	60,188,409
DEFERRED OUTFLOWS OF RESOURCES			
Pension	380,120	-	380,120
LIABILITIES			
Accounts payable	194,399	593,023	787,422
Accrued salaries	121,252	14,915	136,167
Accrued interest payable	3,513	8,236	11,749
Long-term liabilities			
Notes payable, current portion	303,000	587,000	890,000
Notes payable, long-term portion	1,768,724	1,472,000	3,240,724
Compensated absences payable	45,649	8,728	54,377
Net pension liability	162,560	-	162,560
TOTAL LIABILITIES	2,599,097	2,683,902	5,282,999
DEFERRED INFLOWS OF RESOURCES			
Leases	89,552	-	89,552
Pension	323,084	17,372	340,456
TOTAL DEFERRED INFLOWS OF RESOURCES	412,636	17,372	430,008
NET POSITION			
Net investment in capital assets	24,917,492	18,262,190	43,179,682
Restricted for			
Net pension asset	414,868	53,380	468,248
Remaining governmental funds	7,424,226	-	7,424,226
Unrestricted	2,924,195	859,171	3,783,366
TOTAL NET POSITION	$ 35,680,781	$ 19,174,741	$ 54,855,522

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 1,640,375	$ 238,267	$ 5,460	$ -
Public safety - police	2,912,932	20,333	3,000	-
Public safety - fire	416,990	-	102,828	-
Public safety - code enforcement, planning, zoning	361,813	145,488	-	-
Public works - highways and streets	1,692,341	-	501,868	-
Culture and recreation	320,656	86,100	-	-
Community development	20,005	-	-	-
Debt service	20,634	-	-	-
Employer benefits - pensions	-	-	266,626	-
Insurance	74,831	-	-	-
Miscellaneous	19,326	-	-	-
Depreciation	845,965	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	8,325,868	490,188	879,782	-
BUSINESS-TYPE ACTIVITIES				
Sewer	2,419,550	2,214,804	26,663	-
	$ 10,745,418	$ 2,704,992	$ 906,445	$ -

GENERAL REVENUES
Taxes
Real estate taxes
Real estate transfer
Per capita
Earned income
Local services
Interest income
Gain on sale of capital assets
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
$ (1,396,648)	$ -	$ (1,396,648)
(2,889,599)	-	(2,889,599)
(314,162)	-	(314,162)
(216,325)	-	(216,325)
(1,190,473)	-	(1,190,473)
(234,556)	-	(234,556)
(20,005)	-	(20,005)
(20,634)	-	(20,634)
266,626	-	266,626
(74,831)	-	(74,831)
(19,326)	-	(19,326)
(845,965)	-	(845,965)
(6,955,898)	-	(6,955,898)
-	(178,083)	(178,083)
(6,955,898)	(178,083)	(7,133,981)
1,238,708	-	1,238,708
388,805	-	388,805
41,970	-	41,970
4,344,863	-	4,344,863
17,037	-	17,037
465,326	54,401	519,727
12,566	25,600	38,166
7,773	-	7,773
6,517,048	80,001	6,597,049
(438,850)	(98,082)	(536,932)
36,119,631	19,272,823	55,392,454
$ 35,680,781	$ 19,174,741	$ 54,855,522

NEW HANOVER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Transportation Impact	Open Space
ASSETS			
Cash	$ 978,040	$ 2,028,733	$ 3,746,014
Accounts receivable	66,566	-	-
Taxes receivable	1,043,246	-	295,979
Leases receivable	95,596	-	-
Intergovernmental receivable	19,351	-	-
Due from developers	93,770	-	-
Prepaids	4,366	-	-
TOTAL ASSETS	$ 2,300,935	$ 2,028,733	$ 4,041,993
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 179,968	$ -	$ 1,494
Accrued salaries	120,312	-	-
TOTAL LIABILITIES	300,280	-	1,494
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, leases	89,552	-	-
Unavailable revenue, property taxes	9,379	-	-
Unavailable revenue, other taxes	477,726	-	142,352
TOTAL DEFERRED INFLOWS OF RESOURCES	576,657	-	142,352
FUND BALANCES			
Nonspendable	4,366	-	-
Restricted			
Fire Protection	-	-	-
Recreation	-	-	-
Traffic impact	-	2,028,733	-
Open Space	-	-	3,898,147
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	1,419,632	-	-
TOTAL FUND BALANCES	1,423,998	2,028,733	3,898,147
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,300,935	$ 2,028,733	$ 4,041,993

See accompanying notes to the basic financial statements.

Capital Reserve	Other Governmental Funds	Total Governmental Funds
$ 689,329	$ 1,833,440	$ 9,275,556
-	42	66,608
-	13,838	1,353,063
-	-	95,596
-	-	19,351
-	-	93,770
-	-	4,366
$ 689,329	$ 1,847,320	$ 10,908,310
$ 2,179	$ 10,758	$ 194,399
-	940	121,252
2,179	11,698	315,651
-	-	89,552
-	6,174	15,553
-	-	620,078
-	6,174	725,183
-	-	4,366
-	13,053	13,053
-	463,486	463,486
-	307,690	2,336,423
-	-	3,898,147
-	713,117	713,117
687,150	332,102	1,019,252
-	-	1,419,632
687,150	1,829,448	9,867,476
$ 689,329	$ 1,847,320	$ 10,908,310

NEW HANOVER TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025

TOTAL GOVERNMENTAL FUNDS BALANCES	$ 9,867,476
Amounts reported for governmental activities in the statement of net position are difference because:	
Capital assets of $49,930,386, net of accumulated depreciation of $22,941,170, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,989,216
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.	635,631
The net pension asset is not an available resource and, therefore, is not reported in the funds.	414,868
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.	57,036
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, 2025 are as follows:	
Notes payable	(2,071,724)
Accrued interest payable	(3,513)
Net pension liability	(162,560)
Compensated absences payable	(45,649)
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES	$ 35,680,781

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, 2025

	General Fund	Transportation Impact	Open Space
REVENUES			
Taxes			
Real estate	$ 747,095	$ -	$ -
Real estate transfer	388,805	-	-
Per capita	41,970	-	-
Earned income	3,338,260	-	982,965
Local services	17,335	-	-
Licenses and permits	197,531	-	-
Fines and forfeits	20,333	-	-
Interest and rents	100,129	81,858	145,386
Intergovernmental revenues	275,086	-	-
Charges for services	186,224	-	-
Miscellaneous	7,773	-	-
TOTAL REVENUES	5,320,541	81,858	1,128,351
EXPENDITURES			
Current			
General government	1,078,489	-	202,336
Public safety			
Police	2,934,166	-	-
Fire	65,461	-	-
Code enforcement, planning, zoning	356,645	-	-
Public works - highway and streets	833,502	1,261	-
Culture and recreation	106,251	-	-
Community development	-	-	68,078
Debt service	322,111	-	-
Insurance	74,831	-	-
Miscellaneous	121	-	-
TOTAL EXPENDITURES	5,771,577	1,261	270,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(451,036)	80,597	857,937
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(2,247)	-	-
Proceeds from disposal of assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,247)	-	-
NET CHANGE IN FUND BALANCES	(453,283)	80,597	857,937
FUND BALANCES AT BEGINNING OF YEAR	1,877,281	1,948,136	3,040,210
FUND BALANCES AT END OF YEAR	$ 1,423,998	$ 2,028,733	$ 3,898,147

See accompanying notes to the basic financial statements.

Capital Reserve	Other Governmental Funds	Total Governmental Funds
$ -	$ 491,684	$ 1,238,779
-	-	388,805
-	-	41,970
-	-	4,321,225
-	-	17,335
-	-	197,531
-	-	20,333
46,457	91,496	465,326
-	604,696	879,782
-	86,100	272,324
-	-	7,773
46,457	1,273,976	7,851,183
347,649	12,575	1,641,049
151,942	-	3,086,108
-	351,529	416,990
-	-	356,645
-	859,322	1,694,085
-	166,332	272,583
-	-	68,078
-	-	322,111
-	-	74,831
-	-	121
499,591	1,389,758	7,932,601
(453,134)	(115,782)	(81,418)
-	27,247	27,247
-	(25,000)	(27,247)
3,700	8,866	12,566
3,700	11,113	12,566
(449,434)	(104,669)	(68,852)
1,136,584	1,934,117	9,936,328
$ 687,150	$ 1,829,448	$ 9,867,476

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, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (68,852)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(673,581)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and donations) is to decrease net position.		(19,205)
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	$ (71)	
Other taxes	23,340	
		23,269
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.		477
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	301,000	
		301,000
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	5,301	
Compensated absences payable	(7,259)	
		(1,958)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (438,850)

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Sewer
ASSETS	
CURRENT ASSETS	
Cash, unrestricted	$ 1,272,756
Accounts receivable	101,467
Receivable - connection fees	103,459
Receivable - front footage assessments	23,198
Prepaids	565
TOTAL CURRENT ASSETS	1,501,445
NONCURRENT ASSETS	
Capital assets	
Land	2,743,421
Sanitary sewer system	25,355,921
Wastewater treatment plant	10,389,303
Vehicles	842,417
Equipment	1,464,366
Less accumulated depreciation	(20,474,238)
TOTAL CAPITAL ASSETS	20,321,190
Net pension asset	53,380
TOTAL NONCURRENT ASSETS	20,374,570
TOTAL ASSETS	21,876,015
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	593,023
Accrued salaries	14,915
Accrued interest payable	8,236
Notes payable, current portion	587,000
TOTAL CURRENT LIABILITIES	1,203,174
NONCURRENT LIABILITIES	
Notes payable, long-term portion	1,472,000
Compensated absences payable	8,728
TOTAL NONCURRENT LIABILITIES	1,480,728
TOTAL LIABILITIES	2,683,902
DEFERRED INFLOWS OF RESOURCES	
Pension	17,372
NET POSITION	
Net investment in capital assets	18,262,190
Restricted due to pension	53,380
Unrestricted	859,171
TOTAL NET POSITION	$ 19,174,741

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, 2025

		Sewer
OPERATING REVENUES		
Sewer charges	$	2,211,801
Miscellaneous		3,003
TOTAL OPERATING REVENUES		2,214,804
OPERATING EXPENSES		
Administrative		235,886
Legal		38,197
Engineering		21,439
Professional fees		71,310
Buildings and plant		416,242
Sewage disposal operations		709,240
Insurance		64,159
Depreciation		841,906
TOTAL OPERATING EXPENSES		2,398,379
OPERATING INCOME (LOSS)		(183,575)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental		26,663
Interest income		54,401
Gain on disposal of property		25,600
Debt service		
Interest		(21,171)
TOTAL NONOPERATING REVENUES (EXPENSES)		85,493
CHANGE IN NET POSITION		(98,082)
NET POSITION AT BEGINNING OF YEAR		19,272,823
NET POSITION AT END OF YEAR	$	19,174,741

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,193,289
Payments to suppliers	(859,755)
Payments to employees	(247,002)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,086,532
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvements of capital assets	(1,084,019)
Intergovernmental revenues	26,663
Proceeds from sales of assets	28,100
Interest paid	(23,495)
Principal paid on bonds	(581,000)
NET CASH USED BY IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,633,751)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	54,401
NET DECREASE IN CASH	(492,818)
CASH AT BEGINNING OF YEAR	1,765,574
CASH AT END OF YEAR	$ 1,272,756
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (183,575)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	841,906
Pension expense	125,119
Decrease in assets	
Accounts receivable	(21,515)
Prepaids	1,183
Increase in liabilities	
Accounts payable	331,160
Accrued salaries	2,034
Compensated absences payable	(9,780)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,086,532

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 290,152	$ 493,223
Investments		
Mutual funds	5,226,100	-
Exchange Traded Funds	5,483,918	-
Receivables	5,045	195,288
TOTAL ASSETS	11,005,215	688,511
LIABILITIES AND NET POSITION		
LIABILITIES		
Refunds payable	3,626	-
Accounts payable	-	96,119
TOTAL LIABILITIES	3,626	96,119
NET POSITION		
Net position restricted for pensions	11,001,589	-
Net position restricted for custodial purposes	-	592,392
TOTAL NET POSITION	$ 11,001,589	$ 592,392

See accompanying notes to the basic financial statements.

NEW HANOVER TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions		
Member contributions	$ 121,735	$ -
Employer contributions	353,586	-
Developer contributions	-	641,514
TOTAL CONTRIBUTIONS	475,321	641,514
Investment earnings		
Dividends	481,350	-
Net increase in the fair value of investments	754,188	-
TOTAL INVESTMENT EARNINGS	1,235,538	-
Investment expense	(36,730)	-
INVESTMENT EARNINGS, net	1,198,808	-
TOTAL ADDITIONS	1,674,129	641,514
DEDUCTIONS		
Benefits	644,274	-
Administrative expenses	12,000	-
Forfeiture refunded to municipality	80,831	
Payments for developers	-	631,357
TOTAL DEDUCTIONS	737,105	631,357
CHANGE IN NET POSITION	937,024	10,157
NET POSITION - BEGINNING OF YEAR	10,064,565	582,235
NET POSITION - END OF YEAR	$ 11,001,589	$ 592,392

See accompanying notes to the basic financial statements.

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.

- The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by the Board of Supervisors and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.

NOTE A - NATURE OF ACTIVITY (Continued)

- The Non-Uniformed Employees' Pension Plan is a single employer defined benefit pension plan that provides pensions for all non-uniformed employees hired before June 1, 2016. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed the Board of Supervisors and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does issue separate financial statements.

- The Non-Uniformed Defined Contribution Pension Plan is a single employer, self-directed, defined contribution pension plan that covers all full-time non-uniformed employees hired on or after June 1, 2016. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed the Board of Supervisors and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does issue separate financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

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 0.18 mills) and charges for services to be used for the parks, pool and recreation activities and special events for the community of the Township.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 0.14 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.

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 three pension plans: the Police Pension Plan, the Non-Uniformed Pension Plan and the Non-Uniformed Defined Contribution Pension Plan.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines a capital asset as an asset 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:

	Years
Building	20-40
Infrastructure	50
Land Improvements	15-20
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. Township 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Management has concluded that no impairment reserves are required as of December 31, 2025.

Leases

The Township is the lessor for a noncancellable lease for a billboard and cell tower space. The Township recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated implicit borrowing rates as the discount rate for leases

- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 statement of net position and is the result of changes in assumptions, the net difference between projected and actual earnings on pension plan investments and the difference between expected and actual experience.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 two items which qualify 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, earned income taxes and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item, deferred inflows of resources related to leases is reported in the government-wide statement of net position and is deferred and recognized as an inflow of resources in the period the amount becomes due.

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 police officers only sick time may carry over from year to year. Any accumulated hours in excess of 1,320 hours can be paid out, and the payout is one hour for every two hours accrued, and the rate will reflect the hourly rate at which the time was earned.

As of 2022 nonuniformed employees accumulate only paid time off (PTO) with a maximum of 90 hours carrying over from year to year. Sick time hours from 2021 and prior do continue to carry over from year to year but can only be used in the case of illness.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority implemented GASB Statement No. 101, Compensated Absences, effective January 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

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.

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."

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 intergovernmental revenues, 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 2025 was 1.587 mills, consisting of 0.957 mills for general purposes, .310 mills for fire protection purposes, .180 mills for recreation purposes and .140 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.

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 substantially all conditions were met.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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, 2025 consists of the following:

CASH	
Township deposits with Victory Bank	$ 10,548,012
Custodial fund deposits with Victory Bank	493,223
Pension cash	290,152
Petty cash	300
TOTAL CASH	11,331,687
INVESTMENTS	
Pension mutual funds	5,226,100
Pension exchange traded funds	5,483,918
TOTAL INVESTMENTS	10,710,018
TOTAL CASH AND INVESTMENTS	$ 22,041,705

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Reconciliation to Statement of Net Position/Balance Sheet

CASH		
Governmental activities	$	9,275,556
Business-type activities		1,272,756
Fiduciary funds		783,375
		11,331,687
INVESTMENTS		
Fiduciary funds		10,710,018
	$	22,041,705

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, 2025, the carrying amounts of the Township's bank deposits were $11,331,387, and the corresponding bank balances were $11,382,708, of which $10,589,413 was covered by Federal Depository Insurance. Pension fund deposits of $290,152 were uninsured and uncollateralized. The remaining $503,443 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, 2025, the Township had the following investments:

Investment Type	Fair Value Level 1	Investment Maturities Less Than One Year
PENSION ACTIVITIES		
Mutual funds	$ 5,226,100	$ 5,226,100
Exchange traded funds	5,483,918	5,483,918
TOTAL PENSION ACTIVITIES	$ 10,710,018	$ 10,710,018

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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, 2025:

Investments in mutual funds and exchange traded 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.

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 form 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, 2025, were as follows:

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2025
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated				
Land	$ 11,702,771	$ -	$ -	$ 11,702,771
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	11,702,771	-	-	11,702,771
Capital assets being depreciated				
Infrastructure	20,780,321	-	-	20,780,321
Building	8,271,952	-	-	8,271,952
Land improvements	2,618,595	-	-	2,618,595
Vehicles	5,287,453	166,575	(110,000)	5,344,028
Equipment	1,231,960	5,809	(25,050)	1,212,719
TOTAL CAPITAL ASSETS BEING DEPRECIATED	38,190,281	172,384	(135,050)	38,227,615
Accumulated depreciation				
Infrastructure	(11,223,694)	(421,962)	-	(11,645,656)
Building	(3,167,720)	(126,353)	-	(3,294,073)
Land improvements	(2,403,047)	(36,142)	-	(2,439,189)
Vehicles	(4,763,069)	(189,792)	110,000	(4,842,861)
Equipment	(653,520)	(71,716)	5,845	(719,391)
TOTAL ACCUMULATED DEPRECIATION	(22,211,050)	(845,965)	115,845	(22,941,170)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	15,979,231	(673,581)	(19,205)	15,286,445
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 27,682,002	$ (673,581)	$ (19,205)	$ 26,989,216
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Land	$ 2,743,421	$ -	$ -	$ 2,743,421
Capital assets being depreciated				
Sanitary sewer system	25,355,921	-	-	25,355,921
Wastewater treatment plant	10,010,669	378,634	-	10,389,303
Vehicles	842,417	-	-	842,417
Equipment	833,981	705,385	(75,000)	1,464,366
TOTAL CAPITAL ASSETS BEING DEPRECIATED	37,042,988	1,084,019	(75,000)	38,052,007
Accumulated depreciation				
Sanitary sewer system	(13,096,756)	(507,118)	-	(13,603,874)
Wastewater treatment plant	(5,435,506)	(270,394)	-	(5,705,900)
Vehicles	(699,042)	(21,427)	-	(720,469)
Equipment	(473,528)	(42,967)	72,500	(443,995)
TOTAL ACCUMULATED DEPRECIATION	(19,704,832)	(841,906)	72,500	(20,474,238)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	17,338,156	242,113	(2,500)	17,577,769
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 20,081,577	$ 242,113	$ (2,500)	$ 20,321,190

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no interfund receivables and payables at December 31, 2025.

Transfers between funds for the year ended December 31, 2025, were as follows:

	Transfers In	Transfers Out
GOVERNMENTAL ACTIVITIES		
General Fund	$ -	$ 2,247
Nonmajor governmental funds	27,247	25,000
TOTAL GOVERNMENTAL FUNDS	$ 27,247	$ 27,247

During the year, $2,247 was transferred by the General Fund to the State Highway Aid Fund for future highway-related projects and $25,000 was transferred from the Recreation Fund to the Recreation Reserve Fund for future recreation-related projects.

NOTE G - LONG-TERM DEBT

At December 31, 2025, long-term debt consists of the following:

	Balance Outstanding December 31, 2024	Additions	Payments	Balance Outstanding December 31, 2025	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Note, Series of 2021, initial issue $3,563,000, interest at 0.95% through May 2027 then 3% through May 2033. Matures May 2033.	$ 2,372,724	$ -	$ (301,000)	$ 2,071,724	$ 303,000
BUSINESS-TYPE ACTIVITIES					
Guaranteed Sewer Revenue Note, Series of 2020, for repayment of Guaranteed Revenue Note, Series of 1998 and Series 2017, initial issue $4,448,000, interest at 1.0%, maturing in various amounts through 2029.	2,640,000	-	(581,000)	2,059,000	587,000
TOTAL DEBT	$ 5,012,724	$ -	$ (882,000)	$ 4,130,724	$ 890,000

NOTE G - LONG-TERM DEBT (Continued)

Aggregate maturities required on long-term debt at December 31, 2025 are as follows:

GOVERNMENTAL ACTIVITIES

Year Ending December 31,	Principal	Interest	Total Debt Service
2026	$ 303,000	$ 18,940	$ 321,940
2027	288,000	31,311	319,311
2028	275,000	42,502	317,502
2029	284,000	34,117	318,117
2030	292,000	25,477	317,477
2031 to 2033	629,724	24,280	654,004
	$ 2,071,724	$ 176,627	$ 2,248,351

BUSINESS-TYPE ACTIVITIES

Year Ending December 31,	Principal	Interest	Total Debt Service
2026	$ 587,000	$ 17,655	$ 604,655
2027	593,000	11,755	604,755
2028	599,000	5,795	604,795
2029	280,000	1,400	281,400
	$ 2,059,000	$ 36,605	$ 2,095,605

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

NOTE H - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2025 are as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation debt					
Notes payable	$ 2,372,724	$ -	$ (301,000)	$ 2,071,724	$ 303,000
Compensated absences	38,390	7,259	-	45,649	-
Net pension liability	504,601	-	(342,041)	162,560	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	$ 2,915,715	$ 7,259	$ (643,041)	$ 2,279,933	$ 303,000
BUSINESS-TYPE ACTIVITIES					
General obligation debt					
Notes payable	$ 2,640,000	$ -	$ (581,000)	$ 2,059,000	$ 587,000
Compensated absences	18,508	-	(9,780)	8,728	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	$ 2,658,508	$ -	$ (590,780)	$ 2,067,728	$ 587,000

For the year ended December 31, 2025, interest expense on long-term debt was $44,606.

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.

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

Eligibility Requirements:

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

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 age 23.

Pre-retirement Survivor Benefit: 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, 2025, the following employees were covered by the Police Pension Plan:

Inactive members or beneficiaries currently receiving benefits	7
Active members	16
	23

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.

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

Net Pension Liability (Asset)

The Township's net pension liability (asset) was measured as of December 31, 2025 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2025. 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, 2025, were as follows:

Total pension liability	$ 5,951,290
Plan fiduciary net position	(5,788,730)
NET PENSION LIABILITY	$ 162,560
Plan fiduciary net position as a percentage of the total pension liability	97.27%

Actuarial Assumptions

The total pension liability in the January 1, 2025 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 PubS Table projected 5 years past the valuation date using Scale MP-2021.

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:

	Target Allocation	Long-term Expected Real Rate of Return
ASSET CLASS		
Domestic equity	45%	7.98%
International equity	12%	7.03%
Fixed income	37%	5.00%
Real estate	3%	6.23%
Cash	3%	2.39%
	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. 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, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2025.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2024	$ 5,577,319	$ 5,072,718	$ 504,601
Changes for the year			
Service cost	225,644	-	225,644
Interest cost	398,150	-	398,150
Changes for experience	19,628	-	19,628
Changes in assumptions	-	-	-
Contributions - employer	-	293,360	(293,360)
Contributions - member	-	93,326	(93,326)
Net investment income	-	602,941	(602,941)
Benefit payments, including refunds of member contributions	(269,451)	(269,451)	-
Administrative expense	-	(6,000)	6,000
Other	-	1,836	(1,836)
BALANCE AT DECEMBER 31, 2025	$ 5,951,290	$ 5,788,730	$ 162,560

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 (asset) 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)	$ 999,639	$ 162,560	$ (528,712)

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

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

For the year ended December 31, 2025, the Township recognized pension expense of $287,597. The Township has deferred outflows and inflows of resources related to the Police Pension Plan from the following source at December 31, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 340,820	$ -
Changes of assumptions	39,300	-
Net difference between projected and actual earnings on pension plan investments	-	188,070
Total	$ 380,120	$ 188,070

Actuarially determined deferred outflows and inflows of resources related to the Police Pension Plan are as follows for the year ended December 31, 2025:

2026	$ 156,491
2027	(84,521)
2028	(16,844)
2029	14,624
2030	64,455
Thereafter	57,845

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLANS

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.

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

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.

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, 2025, the following employees were covered by the Non-Uniformed Pension Plan:

Inactive members or beneficiaries currently receiving benefits	17
Inactive members entitled to but not yet receiving benefits	7
Active members	1
	25

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

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, 2025, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2025. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The components of the net pension liability (asset) of the Township at December 31, 2025, were as follows:

Total pension liability	$ 4,262,823
Plan fiduciary net position	(4,731,071)
NET PENSION LIABILITY (ASSET)	$ (468,248)
Plan fiduciary net position as a percentage of the total pension liability	110.98%

Actuarial Assumptions

The total pension liability in the January 1, 2025 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 PubG Table 5 years past the valuation date using Scale MP-2021.

NOTE J - NEW HANOVER TOWNSHIP NON-UNIFORMED PENSION PLANS (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:

	Target Allocation	Long-term Expected Real Rate of Return
ASSET CLASS		
Domestic equity	45%	7.98%
International equity	12%	7.03%
Fixed income	37%	5.00%
Real estate	3%	6.23%
Cash	3%	2.39%
	100%	

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, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Changes in Net Pension Liability (Asset)

The following table shows the changes in net pension liability (asset) for the year ended December 31, 2025.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2024	$ 4,268,196	$ 4,581,171	$ (312,975)
Changes for the year			
Service cost	8,323	-	8,323
Interest cost	291,137	-	291,137
Changes for experience	69,990	-	69,990
Net investment income	-	528,980	(528,980)
Benefit payments, including refunds of member contributions	(374,823)	(374,823)	-
Administrative expense	-	(6,000)	6,000
Other	-	1,743	(1,743)
BALANCE AT DECEMBER 31, 2025	$ 4,262,823	$ 4,731,071	$ (468,248)

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)	$ (92,868)	$ (468,248)	$ (790,796)

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

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

For the year ended December 31, 2025, the Township recognized pension expense of $125,581. The Township has deferred outflows and inflows of resources related to the Non-Uniformed Pension Plan from the following sources at December 31, 2025:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 135,014

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 17,372

Actuarially determined deferred outflows and inflows of resources related to the Non-Uniformed Pension Plan are as follows for the year ended December 31, 2025:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2026	$ 101,702	$ 13,086
2027	(129,229)	(16,628)
2028	(68,203)	(8,776)
2029	(39,284)	(5,054)
2030	-	-
Thereafter	-	-

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

Non-Uniformed Defined Contribution Pension Fund

Plan Description

The New Hanover Township Non-Uniformed Defined Contribution Pension Plan is a single-employer, self-directed defined contribution pension plan that covers all full-time non-uniformed employees of New Hanover Township hired on or after June 1, 2016 and which is controlled by the provisions of Ordinance No. 17-04, adopted pursuant to Act 69. The plan is governed by the Township Board of Supervisors which is responsible for management of plan assets. The Township Board of Supervisors has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board shall consist of at least five members which may consist of elected officials, management, and/or members of the plan. The Township Board of Supervisors has delegated the authority to manage certain plan assets to Girard Pension Services, LLC., with Nationwide Financial as custodian.

Eligibility Requirements:

Normal Retirement - Age 60.
Early Retirement - None.
Vesting - None for employer monies in the first five full years of service; thereafter 100%. Member monies are always 100% vested.

Retirement Benefit: The fair market value of the member's vested account balance at the time of retirement.

Survivor Benefit: The fair market value of the member's vested account balance at the time of death.

Plan Membership: As of December 31, 2025, the pension plan's membership consisted of 17 active employees.

NOTE K - LEASES

Lease Receivable

During the year, New Hanover Township leases a billboard and cell tower space. The leases are for the following:

Description	Term	Payment
Cell Tower Space	Monthly through 2031	$1,093 to $1,149
Billboard	Annually through 2034	$4,500

As of December 31, 2025, New Hanover Township's receivable for lease payments was $95,596. Also, New Hanover Township has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2025, the balance of the deferred inflow of resources was $89,552. Lease related revenues recognized as of December 31, 2025 were as follows:

Lease-related Revenue	Year Ending December 31, 2025
Lease Revenue	
Cell Towers	$ 9,515
Billboard	2,296
Interest Revenue	5,191
TOTAL	$ 17,002

Current year interest revenues were $29,855. This is included on interest and rents financial statement line.

NOTE K - LEASES (Continued)

The future maturity of lease receivables is as follows:

Year Ending December 31,	Principal	Interest	Receipts
2026	$ 13,464	$ 4,632	$ 18,096
2027	13,653	3,974	17,627
2028	14,308	3,320	17,628
2029	14,997	2,631	17,628
2030	15,722	1,905	17,627
2031-2034	23,452	2,082	25,534
TOTAL FUTURE RECEIPTS	$ 95,596	$ 18,544	$ 114,140

NOTE L - 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.

NOTE M - SUBSEQUENT EVENTS

The Township has evaluated subsequent events through May 20, 2026, the date the financial statements were available to be issued.

On February 17, 2026, the Township issued a General Obligation Note, Series of 2026, in the amount of $460,000, bearing interest at 4.97% per annum and maturing on May 1, 2034. Proceeds are being used to finance capital projects and related costs.

Additionally, subsequent to year-end, the Township issued a Guaranteed Sewer Revenue Note, Series of 2026, in the amount of $4,500,000, to finance sewer system improvements.

These transactions are considered nonrecognized subsequent events, and accordingly, no adjustments have been made to the December 31, 2025 financial statements. No other subsequent events requiring disclosure were identified.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022
TOTAL PENSION LIABILITY				
Service cost	$ 225,644	$ 157,363	$ 151,311	$ 150,697
Interest	398,150	373,685	357,503	337,075
Changes for experience	19,628	-	65,897	-
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(269,451)	(269,451)	(297,936)	(226,971)
NET CHANGE IN TOTAL PENSION LIABILITY	373,971	261,597	276,775	260,801
Total pension liability, beginning	5,577,319	5,315,722	5,038,947	4,778,146
TOTAL PENSION LIABILITY, ENDING	$ 5,951,290	$ 5,577,319	$ 5,315,722	$ 5,038,947
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 293,360	$ 209,305	$ 172,828	$ 163,695
Contributions - member	93,326	81,841	70,176	63,530
Net investment income (loss)	602,941	474,969	615,175	(865,216)
Benefit payments, including refunds of member contributions	(269,451)	(269,451)	(297,936)	(226,971)
Other	1,836	-	-	-
Administrative expense	(6,000)	(6,000)	(6,000)	(6,000)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	716,012	490,664	554,243	(870,962)
Plan net position, beginning	5,072,718	4,582,054	4,027,811	4,898,773
PLAN NET POSITION, ENDING	$ 5,788,730	$ 5,072,718	$ 4,582,054	$ 4,027,811
TOWNSHIP'S NET PENSION LIABILITY	$ 162,560	$ 504,601	$ 733,668	$ 1,011,136
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	97.27%	90.95%	86.20%	79.93%
COVERED PAYROLL	$ 1,616,315	$ 1,424,621	$ 1,309,116	$ 1,203,652
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	10.06%	35.42%	56.04%	84.01%

NOTES TO SCHEDULE

Changes in assumptions - In 2021 the mortality assumption was changed to the PUBS-2010 Table projected to 2026 using Scale MP-2020 to reflect an update in expectations for retired life mortality. 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.

2021	2020	2019	2018	2017	2016
$ 144,901	$ 123,734	$ 118,975	$ 109,533	$ 105,320	$ 96,194
320,865	280,388	263,347	226,809	210,117	217,389
285,293	-	286,211	-	(360,156)	-
72,720	-	-	-	8,181	-
(253,000)	(157,120)	(130,157)	(89,893)	(72,495)	(76,732)
570,779	247,002	538,376	246,449	(109,033)	236,851
4,207,367	3,960,365	3,421,989	3,175,540	3,284,573	3,047,722
$ 4,778,146	$ 4,207,367	$ 3,960,365	$ 3,421,989	$ 3,175,540	$ 3,284,573
$ 144,051	$ 107,587	$ 122,892	$ 142,965	$ 136,774	$ 164,884
55,447	57,580	55,617	59,353	52,501	46,468
552,500	507,346	617,596	(206,212)	411,372	198,718
(253,000)	(157,120)	(130,157)	(89,893)	(72,495)	(76,732)
-	-	-	-	-	720
(6,000)	(6,000)	(6,000)	(6,000)	(6,050)	-
492,998	509,393	659,948	(99,787)	522,102	334,058
4,405,775	3,896,382	3,236,434	3,336,221	2,814,119	2,480,061
$ 4,898,773	$ 4,405,775	$ 3,896,382	$ 3,236,434	$ 3,336,221	$ 2,814,119
$ (120,627)	$ (198,408)	$ 63,983	$ 185,555	$ (160,681)	$ 470,454
102.52%	104.72%	98.38%	94.58%	105.06%	85.68%
$ 1,199,985	$ 1,027,985	$ 1,174,692	$ 1,047,245	$ 915,810	$ 788,104
-10.05%	-19.30%	5.45%	17.72%	-17.55%	59.69%

NEW HANOVER TOWNSHIP

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

	2025	2024	2023	2022
TOTAL PENSION LIABILITY				
Service cost	$ 8,323	$ 8,481	$ 8,155	$ 39,651
Interest	291,137	290,807	293,808	273,382
Changes for experience	69,990	-	278,062	-
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(374,823)	(354,007)	(336,309)	(199,291)
NET CHANGE IN TOTAL PENSION LIABILITY	(5,373)	(54,719)	243,716	113,742
Total pension liability, beginning	4,268,196	4,322,915	4,079,199	3,965,457
TOTAL PENSION LIABILITY, ENDING	$ 4,262,823	$ 4,268,196	$ 4,322,915	$ 4,079,199
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ -	$ -	$ -	$ -
Net investment income (loss)	528,980	464,008	625,956	(936,902)
Benefit payments, including refunds of member contributions	(374,823)	(354,007)	(336,309)	(199,291)
Other	1,743	-	-	-
Administrative expense	(6,000)	(6,000)	(6,000)	(6,000)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	149,900	104,001	283,647	(1,142,193)
Plan net position, beginning	4,581,171	4,477,170	4,193,523	5,335,716
PLAN NET POSITION, ENDING	$ 4,731,071	$ 4,581,171	$ 4,477,170	$ 4,193,523
TOWNSHIP'S NET PENSION LIABILITY	$ (468,248)	$ (312,975)	$ (154,255)	$ (114,324)
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	110.98%	107.33%	103.57%	102.80%
COVERED PAYROLL	$ 99,961	$ 95,593	$ 300,439	$ 446,982
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	-468.43%	-327.40%	-51.34%	-25.58%

NOTES TO SCHEDULE

Changes in assumptions - In 2021 the mortality assumption was changed to the PUBG-2010 Table projected to 2026 using Scale MP-2020 to reflect an update in expectations for retired life mortality. 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.

	2021	2020	2019	2018	2017	2016
	$ 38,126	$ 77,954	$ 74,956	$ 119,075	$ 114,495	$ 101,884
	265,723	252,490	242,069	241,124	227,175	225,536
	(69,512)	-	(146,496)	-	(198,853)	-
	156,202	-	-	-	9,984	-
	(192,629)	(183,873)	(158,448)	(153,721)	(140,219)	(115,294)
	197,910	146,571	12,081	206,478	12,582	212,126
	3,767,547	3,620,976	3,608,895	3,402,417	3,389,835	3,177,709
	$ 3,965,457	$ 3,767,547	$ 3,620,976	$ 3,608,895	$ 3,402,417	$ 3,389,835
	$ 34,233	$ 73,820	$ 112,651	$ 76,117	$ 97,681	$ 168,203
	613,799	564,326	716,807	(234,430)	526,442	269,002
	(192,629)	(183,873)	(158,448)	(153,721)	(140,219)	(115,294)
	-	-	-	-	-	88
	(6,000)	(6,000)	(6,000)	(6,000)	(6,050)	-
	449,403	448,273	665,010	(318,034)	477,854	321,999
	4,886,313	4,438,040	3,773,030	4,091,064	3,613,210	3,291,211
	$ 5,335,716	$ 4,886,313	$ 4,438,040	$ 3,773,030	$ 4,091,064	$ 3,613,210
	$ (1,370,259)	$ (1,118,766)	$ (817,064)	$ (164,135)	$ (688,647)	$ (223,375)
	134.55%	129.69%	122.56%	104.55%	120.24%	106.59%
	$ 450,695	$ 676,748	$ 625,594	$ 619,839	$ 779,589	$ 868,276
	-304.03%	-165.32%	-130.61%	-26.48%	-88.33%	-25.73%

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

	2025	2024	2023	2022
Actuarially determined contribution	$ 293,360	$ 182,832	$ 172,828	$ 163,695
Contribution in relation to the actuarially determined contribution	293,360	209,305	172,828	163,695
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ (26,473)	$ -	$ -
Covered payroll	$ 1,616,315	$ 1,424,621	$ 1,309,116	$ 1,203,652
Contribution as a percentage of covered payroll	18.15%	14.69%	13.20%	13.60%

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, 2023 actuarial valuation report was utilized for the 2024 Minimum Municipal Obligation calculation. The January 1, 2021 actuarial valuation report was utilized for the 2023 and 2022 Minimum Municipal Obligation calculation. The January 1, 2019 actuarial valuation report was utilized for the 2021 Minimum Municipal Obligation calculation. The January 1, 2017 actuarial valuation report was utilized for the 2020 and 2019 Minimum Municipal Obligation calculation. 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	1/1/2023	1/1/2021
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	5 years	4 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	PUBS-2010	PUBS-2010

2021	2020	2019	2018	2017	2016
$ 144,051	$ 99,676	$ 108,728	$ 142,965	$ 136,774	$ 164,864
144,051	107,587	122,892	142,965	136,774	164,864
$ -	$ (7,911)	$ (14,164)	$ -	$ -	$ -
$ 1,199,958	$ 1,027,985	$ 1,174,692	$ 1,047,245	$ 915,810	$ 788,104
12.00%	10.47%	10.46%	13.65%	14.93%	20.92%

1/1/2019	1/1/2017	1/1/2015	1/1/2013
Entry age normal	Entry age normal	Entry age normal	Entry age normal
Level dollar	Level dollar	Level dollar	Level dollar
9 years	4 years	11 years	11 years
Market	Market	Market	Market
4.00%	4.00%	4.00%	4.00%
7.00%	7.00%	7.00%	7.00%
55	55	55	55
RP2000	RP2000	RP2000	RP2000

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

	2025	2024	2023	2022
Actuarially determined contribution	$ -	$ -	$ -	$ -
Contribution in relation to the actuarially determined contribution	-	-	-	-
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -
Covered payroll	$ 99,961	$ 95,593	$ 300,439	$ 446,982
Contribution as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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, 2023 actuarial valuation report was utilized for the 2024 Minimum Municipal Obligation calculation. The January 1, 2021 actuarial valuation report was utilized for the 2023 and 2022 Minimum Municipal Obligation calculation. The January 1, 2019 actuarial valuation report was utilized for the 2021 Minimum Municipal Obligation calculation. The January 1, 2017 actuarial valuation report was utilized for the 2020 and 2019 Minimum Municipal Obligation calculation. 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	1/1/2023	1/1/2021
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	5 years	None
Asset valuation method	Market	Market
Salary increases	4.00%	4.00%
Investment rate of return	7.00%	7.00%
Retirement age	55	60
Mortality	PUBS-2010	PUBG-2010

	2021	2020	2019	2018	2017	2016
	$ 27,970	$ 65,909	$ 58,037	$ 76,117	$ 97,681	$ 168,203
	34,233	73,820	112,651	76,117	97,681	168,203
	$ (6,263)	$ (7,911)	$ (54,614)	$ -	$ -	$ -
	$ 450,695	$ 676,748	$ 625,594	$ 619,839	$ 779,589	$ 868,276
	7.60%	10.91%	18.01%	12.28%	12.53%	19.37%

	1/1/2019	1/1/2017	1/1/2015	1/1/2013
	Entry age normal	Entry age normal	Entry age normal	Entry age normal
	Level dollar	Level dollar	Level dollar	Level dollar
	None	None	None	12 years
	Market	Market	Market	Market
	4.00%	4.00%	4.00%	4.00%
	7.00%	7.00%	7.00%	7.00%
	60	60	60	60
	RP2000	RP2000	RP2000	RP2000

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

	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	11.76%	10.35%	15.39%	-17.87%

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

2021	2020	2019	2018	2017
12.76%	13.17%	19.19%	-6.17%	14.63%

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

	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	12.05%	10.80%	15.56%	-17.89%

* 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.

2021	2020	2019	2018	2017
12.79%	12.95%	19.35%	-5.84%	14.84%

NEW HANOVER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Real estate	$ 749,500	$ 749,500	$ 747,095	$ (2,405)
Real estate transfer	336,000	336,000	388,805	52,805
Per capita	39,000	39,000	41,970	2,970
Earned income	3,245,500	3,245,500	3,338,260	92,760
Local services	17,500	17,500	17,335	(165)
Licenses and permits	201,000	201,000	197,531	(3,469)
Fines and forfeits	18,000	18,000	20,333	2,333
Interest and rents	96,500	96,500	100,129	3,629
Intergovernmental revenues	261,000	261,000	275,086	14,086
Charges for services	148,250	148,250	186,224	37,974
Miscellaneous	5,000	5,000	7,773	2,773
TOTAL REVENUES	5,117,250	5,117,250	5,320,541	203,291
EXPENDITURES				
General government	1,012,362	1,012,362	1,078,489	(66,127)
Public Safety				
Police	2,919,050	2,919,050	2,934,166	(15,116)
Fire	70,000	70,000	65,461	4,539
Code enforcement, planning, zoning	393,000	393,000	356,645	36,355
Public works - highway and streets	904,500	904,500	833,502	70,998
Culture and recreation	106,250	106,250	106,251	(1)
Debt service	310,500	310,500	322,111	(11,611)
Insurance	81,000	81,000	74,831	6,169
Miscellaneous	-	-	121	(121)
TOTAL EXPENDITURES	5,796,662	5,796,662	5,771,577	25,085
DEFICIENCY OF REVENUES OVER EXPENDITURES	(679,412)	(679,412)	(451,036)	228,376
OTHER FINANCING SOURCES				
Transfers out	-	-	(2,247)	(2,247)
NET CHANGE IN FUND BALANCE	$ (679,412)	$ (679,412)	(453,283)	$ 226,129
FUND BALANCE AT BEGINNING OF YEAR			1,877,281	
FUND BALANCE AT END OF YEAR			$ 1,423,998	

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

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NEW HANOVER TOWNSHIP
COMBINING BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue Funds		
	Fire Protection Tax	State Highway Aid	Recreation
ASSETS			
Cash	$ 9,713	$ 316,122	$ 464,089
Accounts receivable	-	-	42
Taxes receivable	6,809	-	3,954
TOTAL ASSETS	$ 16,522	$ 316,122	$ 468,085
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 431	$ 8,432	$ 1,895
Accrued wages	-	-	940
TOTAL LIABILITIES	431	8,432	2,835
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	3,038	-	1,764
FUND BALANCES			
Restricted			
Fire Protection	13,053	-	-
Recreation	-	-	463,486
Traffic impact	-	307,690	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
TOTAL FUND BALANCES	13,053	307,690	463,486
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 16,522	$ 316,122	$ 468,085

Capital Project Funds		
Road Equipment	Recreation Reserve	Total Other Governmental Funds
$ 711,414	$ 332,102	$ 1,833,440
-	-	42
3,075	-	13,838
$ 714,489	$ 332,102	$ 1,847,320
$ -	$ -	$ 10,758
-	-	940
-	-	11,698
1,372	-	6,174
-	-	13,053
-	-	463,486
-	-	307,690
713,117	-	713,117
-	332,102	332,102
713,117	332,102	1,829,448
$ 714,489	$ 332,102	$ 1,847,320

NEW HANOVER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds		
	Fire Protection Tax	State Highway Aid	Recreation
REVENUES			
Taxes			
Real estate	$ 241,916	$ -	$ 140,409
Interest and rents	709	28,916	19,357
Intergovernmental revenues	102,828	501,868	-
Charges for services	-	-	86,100
TOTAL REVENUES	345,453	530,784	245,866
EXPENDITURES			
General government	-	-	-
Public safety			
Fire	351,529	-	-
Public works - highway and streets	-	795,348	-
Culture and recreation	-	-	166,332
TOTAL EXPENDITURES	351,529	795,348	166,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,076)	(264,564)	79,534
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,247	-
Transfers out	-	-	(25,000)
Sale of general capital assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	2,247	(25,000)
NET CHANGE IN FUND BALANCES	(6,076)	(262,317)	54,534
FUND BALANCES AT BEGINNING OF YEAR	19,129	570,007	408,952
FUND BALANCES AT END OF YEAR	$ 13,053	$ 307,690	$ 463,486

Capital Project Funds		
Road Equipment	Recreation Reserve	Total Other Governmental Funds
$ 109,359	$ -	$ 491,684
27,841	14,673	91,496
-	-	604,696
-	-	86,100
137,200	14,673	1,273,976
-	12,575	12,575
-	-	351,529
63,974	-	859,322
-	-	166,332
63,974	12,575	1,389,758
73,226	2,098	(115,782)
-	25,000	27,247
-	-	(25,000)
8,866	-	8,866
8,866	25,000	11,113
82,092	27,098	(104,669)
631,025	305,004	1,934,117
$ 713,117	$ 332,102	$ 1,829,448

NEW HANOVER TOWNSHIP
COMBINING SCHEDULE OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Pension Trust Funds			
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	$ 110,297	$ 179,855	$ -	$ 290,152
Investments				
Mutual funds	2,198,065	2,658,692	369,343	5,226,100
Exchange traded funds	2,426,335	2,945,138	112,445	5,483,918
Receivables	-	5,045	-	5,045
TOTAL ASSETS	4,734,697	5,788,730	481,788	11,005,215
LIABILITIES AND NET POSITION				
LIABILITIES				
Refunds payable	3,626	-	-	3,626
NET POSITION				
Restricted for pensions	$ 4,731,071	$ 5,788,730	$ 481,788	$ 11,001,589

NEW HANOVER TOWNSHIP
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Pension Trust Funds			
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Member contributions	$ -	$ 93,326	$ 28,409	$ 121,735
Employer contributions	-	293,360	60,226	353,586
TOTAL CONTRIBUTIONS	-	386,686	88,635	475,321
Investment earnings				
Interest and dividends	222,074	259,276	-	481,350
Net increase in the fair value of investments	325,692	364,688	63,808	754,188
TOTAL INVESTMENT EARNINGS	547,766	623,964	63,808	1,235,538
Less investment expense	(17,043)	(19,187)	(500)	(36,730)
INVESTMENT EARNINGS, net	530,723	604,777	63,308	1,198,808
TOTAL ADDITIONS	530,723	991,463	151,943	1,674,129
DEDUCTIONS				
Benefits	374,823	269,451	-	644,274
Administrative expense	6,000	6,000	-	12,000
Forfeiture refunded to municipality	-	-	80,831	80,831
TOTAL DEDUCTIONS	380,823	275,451	80,831	656,274
CHANGE IN NET POSITION	149,900	716,012	71,112	937,024
NET POSITION - BEGINNING OF YEAR	4,581,171	5,072,718	410,676	10,064,565
NET POSITION - END OF YEAR	$ 4,731,071	$ 5,788,730	$ 481,788	$ 11,001,589