

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
TOWN OF HANOVER  
JEFFERSON COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
01/27/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna S. Pettitt	10-05-06 to 12-31-11
President of the Town Council	Debbie S. Kroger	01-01-07 to 12-31-09
Superintendent of Utilities	K. Scott Williams	01-01-07 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HANOVER, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Hanover (Town), for the period of January 1, 2007 to December 31, 2008. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The Schedule of Long-Term Debt has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 9, 2009

TOWN OF HANOVER  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 25	\$ 234,800	\$ 149,430	\$ 85,395
Levy Excess	14,771	-	14,771	-
Miscellaneous Income and Donations	7,152	12,380	15,639	3,893
Economic Development Income Tax	79,936	184,328	158,314	105,950
Motor Vehicle Highway	21,769	137,601	95,527	63,843
Local Road and Street	18,736	16,913	16,321	19,328
Park and Recreation	608	123,151	106,072	17,687
Skateboard Park Donations	347	-	347	-
Dale McNeely Youth	1,592	2,201	673	3,120
Park Nonreverting Operating	3,886	21,488	25,274	100
Park Donations	3,903	16,700	1,988	18,615
Swimming Pool Donation	-	21,103	21,103	-
Economic Development	288	-	288	-
Solid Waste and Recycling	30,389	112,366	104,361	38,394
Law Enforcement Continuing Education	11,732	903	4,000	8,635
Riverboat	24,136	24,006	1,155	46,987
Neighborhood Watch	972	-	972	-
HPD Donations	35	-	35	-
Hallmark - Donations	294	-	294	-
Hallmark - Tree Planting	2,318	-	2,318	-
Hallmark - Special Projects	214	-	214	-
Park - D.E. Trout Memorial	51	-	51	-
Park - Seniors	11,217	7,424	6,408	12,233
Rainbow Park Donations	115	-	115	-
Firemen's Park Donation	5,000	-	5,000	-
Park Seniors Special Projects	50	-	50	-
Park Basketball Court	221	-	221	-
Cumulative Capital Improvement	6,211	13,372	19,583	-
Cumulative Capital Development	91,317	57,224	40,000	108,541
Park Concessions	126	2,268	2,394	-
Reserve Officers Donations	1,794	725	609	1,910
Park Amphitheatre	5,962	501	6,463	-
Hanover Police Department RAD	41	-	41	-
Park Sports Programs	330	-	330	-
Beautification Commission	1	218	6	213
Rainy Day	-	93,007	93,007	-
Operation Pullover Grant	-	2,664	2,124	540
Special Police Investigation - Petty Cash	-	500	-	500
<b>Proprietary Funds:</b>				
Water Utility - Operating	10,177	306,751	291,493	25,435
Water Utility - Bond and Interest	19,634	30,469	28,561	21,542
Water Utility - Depreciation	30,084	20,943	25,328	25,699
Water Utility - Debt Reserve	33,000	-	-	33,000
Water Utility - Customer Deposit	67,082	19,802	17,475	69,409
Water Utility - Improvement	65,281	5,878	-	71,159
Water Utility - Water Tower Maintenance	24,000	12,395	-	36,395
Wastewater Utility - Operating	375,789	810,511	797,146	389,154
Wastewater Utility - Bond and Interest	199,884	303,754	289,468	214,170
Wastewater Utility - Debt Reserve	312,466	215,233	190,000	337,699
Wastewater Utility - Construction	13,084	190	-	13,274
Wastewater Utility - Improvement/Depreciation	92,867	16,452	5,000	104,319
<b>Fiduciary Funds:</b>				
Park Deposits	915	2,300	2,395	820
Landlords' Refunds	1	-	1	-
Payroll	22,912	588,545	586,698	24,759
<b>Totals</b>	<b>\$ 1,612,715</b>	<b>\$ 3,419,066</b>	<b>\$ 3,129,063</b>	<b>\$ 1,902,718</b>

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

TOWN OF HANOVER  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008  
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 85,395	\$ 182,223	\$ 233,169	\$ 34,449
Miscellaneous Income and Donations	3,893	35,616	8,078	31,431
Economic Development Income Tax	105,950	222,105	200,198	127,857
Motor Vehicle Highway	63,843	104,885	142,904	25,824
Local Road and Street	19,328	15,618	29,371	5,575
Park and Recreation	17,687	106,058	97,949	25,796
Dale McNeely Youth	3,120	1,265	400	3,985
Park Nonreverting Operating	100	9,825	5,849	4,076
Park Donations	18,615	7,685	5,161	21,139
Solid Waste and Recycling	38,394	109,634	124,953	23,075
Law Enforcement Continuing Education	8,635	2,331	7,116	3,850
Riverboat	46,987	23,882	60	70,809
Park - Seniors	12,233	19,814	19,714	12,333
Cumulative Capital Improvement	-	12,380	12,380	-
Cumulative Capital Development	108,541	137,893	120,000	126,434
Reserve Officers Donations	1,910	1,451	966	2,395
Beautification Commission	213	296	509	-
Rainy Day	-	16,081	9,500	6,581
Operation Pullover Grant	540	1,800	2,319	21
Special Police Investigation - Petty Cash	500	-	-	500
<b>Proprietary Funds:</b>				
Water Utility - Operating	25,435	316,190	326,801	14,824
Water Utility - Bond and Interest	21,542	29,536	27,561	23,517
Water Utility - Depreciation	25,699	40,511	40,000	26,210
Water Utility - Debt Reserve	33,000	-	-	33,000
Water Utility - Customer Deposit	69,409	29,652	26,902	72,159
Water Utility - Improvement	71,159	105,562	100,000	76,721
Water Utility - Water Tower Maintenance	36,395	72,766	60,000	49,161
Wastewater Utility - Operating	389,154	1,032,362	1,050,237	371,279
Wastewater Utility - Bond and Interest	214,170	318,768	310,281	222,657
Wastewater Utility - Debt Reserve	337,699	523,246	500,000	360,945
Wastewater Utility - Construction	13,274	213	108	13,379
Wastewater Utility - Improvement/Depreciation	104,319	10,152	-	114,471
<b>Fiduciary Funds:</b>				
Park Deposits	820	2,875	3,695	-
Payroll	24,759	603,068	604,539	23,288
<b>Totals</b>	<u>\$ 1,902,718</u>	<u>\$ 4,095,743</u>	<u>\$ 4,070,720</u>	<u>\$ 1,927,741</u>

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

TOWN OF HANOVER  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highway and streets, sanitation, culture and recreation, public improvements, planning and zoning, water, wastewater, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF HANOVER  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF HANOVER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water and municipal utility buildings	\$ 135,000	\$ 31,125
Wastewater Utility:		
Loan payable:		
State revolving loan (SRF)	1,262,918	106,293
Revenue bonds:		
Wastewater and municipal utility buildings	135,000	31,125
Wastewater plant improvements and line extensions	1,235,000	127,544
Total Wastewater Utility	2,632,918	264,962
Total business-type activities debt	\$ 2,767,918	\$ 296,087

TOWN OF HANOVER  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to the Clerk-Treasurer and Utilities)

The Town does maintain detailed records for the Town's and it's Utilities' capital assets; however, the records presented for examination had Town's and Utilities' assets commingled together. Separate records for the Town, Water Utility, and Wastewater Utility capital assets were not presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May . . ."

TOWN OF HANOVER  
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2009, with Donna S. Pettitt, Clerk-Treasurer; Debbie S. Kroger, President of the Town Council; and Kimberly Phillips, Bookkeeper.