

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

HANOVER TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
05/09/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6
Notes to Financial Statement.....	7-10
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	12-14
Schedule of Capital Assets.....	15
Exit Conference.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	James W. Hunley Mitchel Lopez	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Donald Dust Scott Bourrell	01-01-10 to 12-31-10 01-01-11 to 12-31-13



**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 HANOVER TOWNSHIP, LAKE COUNTY, INDIANA

We have examined the accompanying financial statement of Hanover Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman  
State Examiner

February 28, 2013

(This page intentionally left blank.)

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township. The financial statement and notes are presented as intended by the Township.

HANOVER TOWNSHIP, LAKE COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township Fund	\$ 56,786	\$ 131,362	\$ 168,138	\$ 20,010
Emergency Ambulance/Medical Services	23,008	34,993	39,000	19,001
Park and Recreation Fund	11,838	3,324	3,719	11,443
Township Assistance	27,045	97,034	106,364	17,715
Fire Fighting Fund	19,411	55,291	51,053	23,649
Cumulative Fire (Bldg/Rem/Equip) Fund	33,525	98,623	56,894	75,254
Germ. Meth. Cemetery	27,743	9,850	6,652	30,941
Township Assistance Gift Fund	277	3,667	888	3,056
Payroll Deduction Fund	-	21,547	21,547	-
Totals	<u>\$ 199,633</u>	<u>\$ 455,691</u>	<u>\$ 454,255</u>	<u>\$ 201,069</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township Fund	\$ 20,010	\$ 233,443	\$ 150,674	\$ 102,779
Emergency Ambulance/Medical Services	19,001	43,312	45,000	17,313
Park and Recreation Fund	11,443	10,900	7,790	14,553
Township Assistance	17,715	161,307	118,254	60,768
Fire Fighting Fund	23,649	121,910	117,280	28,279
Cumulative Fire (Bldg/Rem/Equip) Fund	75,254	81,868	74,612	82,510
Germ. Meth. Cemetery	30,941	4,550	5,947	29,544
Township Assistance Gift Fund	3,056	4,500	2,029	5,527
Payroll Deduction Fund	-	13,936	13,936	-
Totals	<u>\$ 201,069</u>	<u>\$ 675,726</u>	<u>\$ 535,522</u>	<u>\$ 341,273</u>

Fund	Cash and Investments 01-31-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township Fund	\$ 102,779	\$ 151,841	\$ 172,019	\$ 82,601
Emergency Ambulance/Medical Services	17,313	25,634	30,000	12,947
Park and Recreation Fund	14,553	955	8,140	7,368
Township Assistance	60,768	88,349	107,075	42,042
Fire Fighting Fund	28,279	74,125	92,944	9,460
Cumulative Fire (Bldg/Rem/Equip) Fund	82,510	43,386	55,959	69,937
Germ. Meth. Cemetery	29,544	11,550	5,875	35,219
Township Assistance Gift Fund	5,527	5,463	1,961	9,029
Payroll Deduction Fund	-	14,037	13,997	40
Totals	<u>\$ 341,273</u>	<u>\$ 415,340</u>	<u>\$ 487,970</u>	<u>\$ 268,643</u>

The notes to the financial statement are an integral part of this statement.

HANOVER TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed control).

The accompanying financial statement presents the financial information for the Township.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

HANOVER TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be

HANOVER TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the Township 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.

**Note 5. Risk Management**

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

HANOVER TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Township 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Township's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

HANOVER TOWNSHIP, LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Township	Emergency Medical Services	Park And Recreation	Township Assistance	Fire Fighting	Cumulative Fire (Bldg/Rem/Equip) Fund	Germ. Meth. Cemetery	Township Assistance Gift Fund	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 56,786	\$ 23,008	\$ 11,838	\$ 27,045	\$ 19,411	\$ 33,525	\$ 27,743	\$ 277	\$ -	\$ 199,633
Receipts:										
Taxes	125,859	34,993	2,824	96,584	55,291	47,623	-	-	-	363,174
Charges for services	2,891	-	500	-	-	-	-	-	-	3,391
Other receipts	2,612	-	-	450	-	51,000	9,850	3,667	21,547	89,126
Total receipts	<u>131,362</u>	<u>34,993</u>	<u>3,324</u>	<u>97,034</u>	<u>55,291</u>	<u>98,623</u>	<u>9,850</u>	<u>3,667</u>	<u>21,547</u>	<u>455,691</u>
Disbursements:										
Personal services	114,133	-	-	53,309	-	-	-	-	-	167,442
Supplies	3,512	-	-	1,904	-	-	-	888	-	6,304
Other services and charges	28,493	30,000	3,719	31,151	51,053	-	6,652	-	-	151,068
Capital outlay	-	-	-	-	-	56,894	-	-	-	56,894
Other disbursements	22,000	9,000	-	20,000	-	-	-	-	21,547	72,547
Total disbursements	<u>168,138</u>	<u>39,000</u>	<u>3,719</u>	<u>106,364</u>	<u>51,053</u>	<u>56,894</u>	<u>6,652</u>	<u>888</u>	<u>21,547</u>	<u>454,255</u>
Excess (deficiency) of receipts over disbursements	<u>(36,776)</u>	<u>(4,007)</u>	<u>(395)</u>	<u>(9,330)</u>	<u>4,238</u>	<u>41,729</u>	<u>3,198</u>	<u>2,779</u>	<u>-</u>	<u>1,436</u>
Cash and investments - ending	<u>\$ 20,010</u>	<u>\$ 19,001</u>	<u>\$ 11,443</u>	<u>\$ 17,715</u>	<u>\$ 23,649</u>	<u>\$ 75,254</u>	<u>\$ 30,941</u>	<u>\$ 3,056</u>	<u>\$ -</u>	<u>\$ 201,069</u>

HANOVER TOWNSHIP, LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	Township Fund	Emergency Ambulance/Medical Services	Park and Recreation Fund	Township Assistance	Fire Fighting Fund	Cumulative Fire (Bldg/Rem/Equip) Fund	Germ. Meth. Cemetery	Township Assistance Gift Fund	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 20,010	\$ 19,001	\$ 11,443	\$ 17,715	\$ 23,649	\$ 75,254	\$ 30,941	\$ 3,056	\$ -	\$ 201,069
Receipts:										
Taxes	222,064	40,287	9,234	153,284	115,731	77,857	-	-	-	618,457
Intergovernmental	11,184	3,025	566	8,023	6,179	4,011	-	-	-	32,988
Charges for services	-	-	1,100	-	-	-	4,550	-	-	5,650
Other receipts	195	-	-	-	-	-	-	4,500	13,936	18,631
Total receipts	<u>233,443</u>	<u>43,312</u>	<u>10,900</u>	<u>161,307</u>	<u>121,910</u>	<u>81,868</u>	<u>4,550</u>	<u>4,500</u>	<u>13,936</u>	<u>675,726</u>
Disbursements:										
Personal services	113,975	-	-	62,032	-	-	-	-	-	176,007
Supplies	3,903	-	273	3,247	96	-	-	-	-	7,519
Other services and charges	32,796	-	7,517	52,975	80	-	5,947	2,029	-	101,344
Capital outlay	-	-	-	-	9,500	74,612	-	-	-	84,112
Other disbursements	-	45,000	-	-	107,604	-	-	-	13,936	166,540
Total disbursements	<u>150,674</u>	<u>45,000</u>	<u>7,790</u>	<u>118,254</u>	<u>117,280</u>	<u>74,612</u>	<u>5,947</u>	<u>2,029</u>	<u>13,936</u>	<u>535,522</u>
Excess (deficiency) of receipts over disbursements	<u>82,769</u>	<u>(1,688)</u>	<u>3,110</u>	<u>43,053</u>	<u>4,630</u>	<u>7,256</u>	<u>(1,397)</u>	<u>2,471</u>	<u>-</u>	<u>140,204</u>
Cash and investments - ending	\$ <u>102,779</u>	\$ <u>17,313</u>	\$ <u>14,553</u>	\$ <u>60,768</u>	\$ <u>28,279</u>	\$ <u>82,510</u>	\$ <u>29,544</u>	\$ <u>5,527</u>	\$ <u>-</u>	\$ <u>341,273</u>

HANOVER TOWNSHIP, LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	Township Fund	Emergency Ambulance/Medical Services	Park and Recreation Fund	Township Assistance	Fire Fighting Fund	Cumulative Fire (Bldg/Rem/Equip) Fund	Germ. Meth. Cemetery	Township Assistance Gift Fund	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 102,779	\$ 17,313	\$ 14,553	\$ 60,768	\$ 28,279	\$ 82,510	\$ 29,544	\$ 5,527	\$ -	\$ 341,273
Receipts:										
Taxes	138,890	23,443	-	82,673	69,913	40,921	-	-	-	355,840
Intergovernmental	9,218	2,191	-	5,487	4,212	2,465	-	-	-	23,573
Charges for services	-	-	955	-	-	-	11,550	-	-	12,505
Other receipts	3,733	-	-	189	-	-	-	5,463	14,037	23,422
Total receipts	151,841	25,634	955	88,349	74,125	43,386	11,550	5,463	14,037	415,340
Disbursements:										
Personal services	142,524	-	-	53,878	-	-	-	-	-	196,402
Supplies	4,807	-	-	470	-	-	-	-	-	5,277
Other services and charges	24,688	30,000	8,140	51,579	92,944	-	5,875	1,961	-	215,187
Capital outlay	-	-	-	1,148	-	55,959	-	-	-	57,107
Other disbursements	-	-	-	-	-	-	-	-	13,997	13,997
Total disbursements	172,019	30,000	8,140	107,075	92,944	55,959	5,875	1,961	13,997	487,970
Excess (deficiency) of receipts over disbursements	(20,178)	(4,366)	(7,185)	(18,726)	(18,819)	(12,573)	5,675	3,502	40	(72,630)
Cash and investments - ending	\$ 82,601	\$ 12,947	\$ 7,368	\$ 42,042	\$ 9,460	\$ 69,937	\$ 35,219	\$ 9,029	\$ 40	\$ 268,643

HANOVER TOWNSHIP, LAKE COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 144,700
Buildings	142,000
Machinery, equipment and vehicles	270,000
Total governmental activities	556,700
Total capital assets	\$ 556,700

HANOVER TOWNSHIP, LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2013, with Mitchel Lopez, Trustee, and Terri Blagojevic, Chief Deputy. Our examination disclosed no material items that warrant comment at this time.