

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

HANOVER TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2003 to December 31, 2005



FILED
7/7/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Result and Comment: Board Minutes.....	7
Exit Conference	8

OFFICIALS

Office

Official

Term

Trustee

James W. Hunley

01-01-03 to 12-31-06

Chairman of the
Township Board

Richard Niemeyer

01-01-03 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HANOVER TOWNSHIP, LAKE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Hanover Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 5, 2006

HANOVER TOWNSHIP, LAKE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 46,665	\$ 130,023	\$ 168,153	\$ 8,535
Dog	104	4	-	108
Township Assistance	33,530	87,292	96,870	23,952
Firefighting	19,602	71,201	85,819	4,984
Recreation	14,552	20,060	17,306	17,306
Ambulance	3,863	26,706	30,500	69
Donations	966	805	904	867
Cemetery	4,767	27,317	8,564	23,520
Debt Service	5,236	-	5,236	-
Cumulative Fire	41,089	25,950	20,100	46,939
Totals	<u>\$ 170,374</u>	<u>\$ 389,358</u>	<u>\$ 433,452</u>	<u>\$ 126,280</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 8,535	\$ 236,572	\$ 183,296	\$ 61,811
Dog	108	46	-	154
Township Assistance	23,952	152,411	122,137	54,226
Firefighting	4,984	36,551	40,007	1,528
Recreation	17,306	911	3,267	14,950
Ambulance	69	11,918	-	11,987
Donations	867	625	631	861
Cemetery	23,520	5,955	35,879	(6,404)
Debt Service	-	225,320	225,320	-
Cumulative Fire	46,939	12,888	47,500	12,327
Totals	<u>\$ 126,280</u>	<u>\$ 683,197</u>	<u>\$ 658,037</u>	<u>\$ 151,440</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 61,811	\$ 222,729	\$ 226,519	\$ 58,021
Dog	154	26	-	180
Township Assistance	54,226	142,816	150,688	46,354
Firefighting	1,528	104,971	83,726	22,773
Recreation	14,950	9,413	4,344	20,019
Ambulance	11,987	45,604	40,125	17,466
Donations	861	3,391	2,770	1,482
Cemetery	(6,404)	4,500	5,266	(7,170)
Debt Service	-	152,943	152,943	-
Cumulative Fire	12,327	23,960	-	36,287
Totals	<u>\$ 151,440</u>	<u>\$ 710,353</u>	<u>\$ 666,381</u>	<u>\$ 195,412</u>

The accompanying notes are an integral part of the schedules.

HANOVER TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township 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 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 Township 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 Township on or prior to December 31 of the year collected.

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2005, as required by statute, due to the continued delay in the completion of the reassessment of Lake County. The 2004 pay 2005 property tax bills were mailed out on October 31, 2005, with the first installment due November 18, 2005, and the second installment due February 10, 2006.

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 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.

HANOVER TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township 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 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% 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.

Note 7. Temporary Loan Between Funds

The Township made loans between funds in 2004 when the property taxes receipts were behind because of reassessment delays in Lake County. One of these loans remaining unpaid at December 31, 2005, was for \$23,636 from the Cemetery Fund to the Township Assistance Fund. This explains why there is a negative balance in the Cemetery Fund at December 31, 2004 and 2005.

Note 8. Subsequent Event

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to the continued delay caused by the reassessment of Lake County. As of June 5, 2006, the 2005 pay 2006 property tax bills have not been mailed out.

HANOVER TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Not all minutes of meetings of the governing body were available for audit. A similar comment appeared in the prior audit report.

Indiana Code 5-14-1.5-4(b) states "As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under Indiana Code 5-1.5-2-2.5 or Indiana Code 20-12-3-7.

HANOVER TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2006, with James W. Hunley, Trustee. The official concurred with our findings.