

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

EXAMINATION REPORT  
OF  
HANOVER TOWNSHIP  
SHELBY COUNTY, INDIANA  
January 1, 2001 to December 31, 2005



**FILED**  
12/13/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Shirley Shepherdson	01-01-99 to 12-31-06
Chairman of the Township Board	Steve Cory Jerry Wilhelm	01-01-01 to 12-31-02 01-01-03 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Hanover Township (Township), for the period of January 1, 2001 to December 31, 2005. The Township'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 Township for the years ended December 31, 2001, 2002, 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

October 26, 2006

HANOVER TOWNSHIP, SHELBY COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2001, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-01	Receipts	Disbursements	Cash and Investments 12-31-01
Governmental Funds:				
General	\$ 48,434	\$ 38,778	\$ 26,967	\$ 60,245
Dog	672	266	372	566
Township Assistance	15,194	535	4,739	10,990
Firefighting	25,551	47,827	52,271	21,107
Cumulative Fire	11,171	13,129	-	24,300
Totals	<u>\$ 101,022</u>	<u>\$ 100,535</u>	<u>\$ 84,349</u>	<u>\$ 117,208</u>

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 60,245	\$ 37,479	\$ 24,929	\$ 72,795
Dog	566	577	470	673
Township Assistance	10,990	-	4,657	6,333
Firefighting	21,107	64,115	65,362	19,860
Cumulative Fire	24,300	14,440	17,000	21,740
Totals	<u>\$ 117,208</u>	<u>\$ 116,611</u>	<u>\$ 112,418</u>	<u>\$ 121,401</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 72,795	\$ 37,291	\$ 54,432	\$ 55,654
Dog	673	532	507	698
Township Assistance	6,333	-	1,509	4,824
Firefighting	19,860	54,075	58,994	14,941
Cumulative Fire	21,740	2,471	-	24,211
Totals	<u>\$ 121,401</u>	<u>\$ 94,369</u>	<u>\$ 115,442</u>	<u>\$ 100,328</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 55,654	\$ 54,643	\$ 27,003	\$ 83,294
Dog	698	144	418	424
Township Assistance	4,824	9,763	2,735	11,852
Firefighting	14,941	65,654	74,487	6,108
Cumulative Fire	24,211	22,993	17,276	29,928
Totals	<u>\$ 100,328</u>	<u>\$ 153,197</u>	<u>\$ 121,919</u>	<u>\$ 131,606</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 83,294	\$ 17,004	\$ 29,106	\$ 71,192
Dog	424	498	197	725
Township Assistance	11,852	4,388	7,832	8,408
Firefighting	6,108	60,568	60,000	6,676
Cumulative Fire	29,928	16,470	6,306	40,092
Totals	<u>\$ 131,606</u>	<u>\$ 98,928</u>	<u>\$ 103,441</u>	<u>\$ 127,093</u>

The accompanying notes are an integral part of the schedules.

HANOVER TOWNSHIP, SHELBY COUNTY  
NOTES TO FINANCIAL INFORMATION

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, 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.

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.

Note 6. Long-Term Debt

The Township has entered into various debts such as loans for two fire trucks. The outstanding principal at December 31, 2005, was \$15,721.80 and \$40,391.25, respectively.

Note 7. Subsequent Event

In 2006, the Township entered into a lease agreement in the amount of \$20,950 for the purchase a new tactical truck for the fire department.

HANOVER TOWNSHIP, SHELBY COUNTY  
EXAMINATION RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

There was no ledger presented for examination for the year 2001.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

We noted that in some instances deposits are not being deposited timely. There is one local tax distribution dated November 4, 2005, still not deposited as of October 2006.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

- (1) Record balances were not reconciled to depository balances.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

HANOVER TOWNSHIP, SHELBY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (2) There was at least one posting error that included a receipt not recorded in the proper amount.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Firefighting Fund	2002	\$ 7,362
Firefighting Fund	2004	14,487

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

ANNUAL REPORT

An annual report for 2004 was not presented for examination.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

PENALTIES, INTEREST AND OTHER CHARGES

Penalties totaling \$613.12 were paid to Irwin Union Bank for late fees assessed on a loan for a fire truck.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

HANOVER TOWNSHIP, SHELBY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Information presented for examination did not include an inventory or record of fixed assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES, AND COMPENSATION  
OF PUBLIC EMPLOYEES (FORM 100-R) NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100-R) with the State Board of Accounts for the years 2001 through 2005.

Indiana Code 5-11-13-1 states in part: "Every . . . township official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

HANOVER TOWNSHIP, SHELBY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2006, with Shirley Shepherdson, Trustee.