

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF HANOVER

JEFFERSON COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
12/01/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna S. Pettitt	01-01-08 to 12-31-11
President of the Town Council	Debbie S. Kroger	01-01-09 to 12-31-11
Superintendent of Utilities	K. Scott Williams	01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of the Town of Hanover (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements 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 Town prepares its financial statements 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 basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 27, 2011

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were prepared by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF HANOVER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 34,449	\$ 233,504	\$ 245,128	\$ 22,825
Petty Cash	500	250	-	750
Motor Vehicle Highway	25,824	116,261	104,063	38,022
Local Road and Street	5,575	14,358	19,933	-
Park Nonreverting	4,076	7,809	4,786	7,099
Donations	31,431	31,909	19,919	43,421
Local Law Continuing Ed	3,850	3,133	2,930	4,053
Riverboat	70,809	23,824	15,265	79,368
Park and Recreation	25,796	94,908	75,902	44,802
McNeely Donation	3,985	1,801	2,600	3,186
Park Donations	21,139	300	6,258	15,181
Rainy Day	6,581	40,626	12,463	34,744
Reserve Officers Donation	2,395	1,256	552	3,099
Operation Pullover Grant	21	2,850	2,871	-
Park Deposits	-	3,350	3,300	50
Park Senior Citizens	12,333	6,363	5,974	12,722
Cumulative Capital Devel	126,434	16,891	-	143,325
Cumulative Capital Improv	-	11,674	11,674	-
Hanover Library CDBG	-	293,104	268,704	24,400
CEDIT	127,857	208,650	160,327	176,180
Payroll	23,288	609,685	611,741	21,232
Solid Waste and Recycling	23,075	113,489	115,600	20,964
Wastewater Operating	371,279	776,465	799,561	348,183
Wastewater Bond/Int 2000	50,035	122,954	123,972	49,017
Wastewater Improvement 98	105,379	8,579	-	113,958
Wastewater Construction	13,379	49	-	13,428
Wastewater B & I 2003 SRF	92,816	97,814	110,796	79,834
Wastewater Bond/Int 1998	20,498	26,742	31,125	16,115
Wastewater Bond/Interest	59,308	1,392	-	60,700
Wastewater Debt Reserve	360,945	24,014	-	384,959
Wastewater Improvement	9,092	-	-	9,092
Water Utility Operating	14,824	328,365	327,752	15,437
Water Bond/Interest 1998	23,517	26,369	31,125	18,761
Water Depreciation	26,210	1,365	-	27,575
Customer Deposit	72,159	23,724	20,493	75,390
Water Improvement 1998	76,721	4,960	-	81,681
Water Tower Maintenance	49,161	13,545	-	62,706
Water Debt Reserve 1998	33,000	-	-	33,000
Totals	<u>\$ 1,927,741</u>	<u>\$ 3,292,332</u>	<u>\$ 3,134,814</u>	<u>\$ 2,085,259</u>

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

TOWN OF HANOVER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 22,825	\$ 248,023	\$ 236,733	\$ 34,115
Petty Cash	750	-	-	750
Motor Vehicle Highway	38,022	100,010	106,226	31,806
Local Road and Street	-	15,932	14,448	1,484
Donations	43,421	32,940	3,804	72,557
Local Law Continuing Ed	4,053	810	2,891	1,972
Riverboat	79,368	23,825	-	103,193
Park and Recreation	44,802	113,573	74,838	83,537
Park Donations	15,181	1,500	769	15,912
McNeely Donation	3,186	51	3,237	-
Hanover Library CDBG	24,400	206,896	231,296	-
Hanover Fire Station CDBG	-	58,868	58,868	-
Rainy Day	34,744	45,243	-	79,987
Levy Excess	-	514	-	514
Reserve Officers Donation	3,099	709	661	3,147
Operation Pullover Grant	-	1,616	1,616	-
Park Deposits	50	1,900	1,900	50
Park Senior Citizens	12,722	6,057	4,498	14,281
Park Nonreverting	7,099	5,057	3,091	9,065
Cumulative Capital Improv	-	11,147	11,147	-
Cumulative Capital Devel	143,325	15,308	-	158,633
CEDIT	176,180	235,372	191,509	220,043
Payroll	21,232	605,400	608,015	18,617
Solid Waste and Recycling	20,964	109,281	101,921	28,324
Wastewater Operating	348,183	771,112	767,091	352,204
Wastewater Bond/Int 2000	49,017	136,296	123,275	62,038
Wastewater Improvement 98	113,958	9,213	-	123,171
Wastewater Construction	13,428	20	-	13,448
Wastewater Improvement	9,092	-	-	9,092
Wastewater B & I 2003 SRF	79,834	108,363	113,125	75,072
Wastewater Bond/Int 1998	16,115	29,392	29,875	15,632
Wastewater Bond/Interest	60,700	643	-	61,343
Wastewater Debt Reserve	384,959	18,478	-	403,437
Water Utility Operating	15,437	327,769	338,559	4,647
Water Bond/Interest 1998	18,761	29,077	29,875	17,963
Water Depreciation	27,575	283	4,574	23,284
Customer Deposit	75,390	19,931	19,276	76,045
Water Improvement 1998	81,681	3,827	-	85,508
Water Tower Maintenance	62,706	12,779	-	75,485
Water Debt Reserve 1998	33,000	-	-	33,000
Totals	<u>\$ 2,085,259</u>	<u>\$ 3,307,215</u>	<u>\$ 3,083,118</u>	<u>\$ 2,309,356</u>

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

TOWN OF HANOVER
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, and trash.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts may include, but are not limited to, 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 Town.

Licenses and permits which include amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF HANOVER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

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 statements. The aggregate disbursements may include, but are not limited to, 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF HANOVER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Utility operating expenses which include all outflows for operating the utilities.

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 Town 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 Town. 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 Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town 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 Town 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 Town 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.

TOWN OF HANOVER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

Note 5. Risk Management

The Town 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 Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Pension Plans

A. 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 PERF Board, most requirements of the system, and give the Town 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.

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:

TOWN OF HANOVER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town 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 prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Petty Cash	Motor Vehicle Highway	Local Road and Street	Park Nonreverting	Donations	Local Law Continuing Ed
Cash and investments - beginning	\$ 34,449	\$ 500	\$ 25,824	\$ 5,575	\$ 4,076	\$ 31,431	\$ 3,850
Receipts:							
Taxes	112,030	-	-	-	-	-	-
Licenses and permits	1,180	-	-	-	-	-	-
Intergovernmental	22,752	-	99,684	14,358	-	-	-
Charges for services	21	-	-	-	7,809	-	2,089
Fines and forfeits	1,455	-	-	-	-	-	1,044
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	96,066	250	16,577	-	-	31,909	-
Total receipts	<u>233,504</u>	<u>250</u>	<u>116,261</u>	<u>14,358</u>	<u>7,809</u>	<u>31,909</u>	<u>3,133</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	9,338	-	1,738	-	-	-	1,500
Other services and charges	3,795	-	20,133	19,933	4,686	19,919	1,430
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	231,995	-	82,192	-	100	-	-
Total disbursements	<u>245,128</u>	<u>-</u>	<u>104,063</u>	<u>19,933</u>	<u>4,786</u>	<u>19,919</u>	<u>2,930</u>
Excess (deficiency) of receipts over disbursements	<u>(11,624)</u>	<u>250</u>	<u>12,198</u>	<u>(5,575)</u>	<u>3,023</u>	<u>11,990</u>	<u>203</u>
Cash and investments - ending	<u>\$ 22,825</u>	<u>\$ 750</u>	<u>\$ 38,022</u>	<u>\$ -</u>	<u>\$ 7,099</u>	<u>\$ 43,421</u>	<u>\$ 4,053</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Riverboat	Park and Recreation	McNeely Donation	Park Donations	Rainy Day	Reserve Officers Donation	Operation Pullover Grant
Cash and investments - beginning	\$ 70,809	\$ 25,796	\$ 3,985	\$ 21,139	\$ 6,581	\$ 2,395	\$ 21
Receipts:							
Taxes	-	58,509	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	23,824	5,062	-	-	40,626	-	-
Charges for services	-	13,746	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	17,591	1,801	300	-	1,256	2,850
Total receipts	<u>23,824</u>	<u>94,908</u>	<u>1,801</u>	<u>300</u>	<u>40,626</u>	<u>1,256</u>	<u>2,850</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	14,565	150	-	-	551	-
Other services and charges	15,265	25,939	2,350	500	-	1	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	100	5,428	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	35,398	-	330	12,463	-	2,871
Total disbursements	<u>15,265</u>	<u>75,902</u>	<u>2,600</u>	<u>6,258</u>	<u>12,463</u>	<u>552</u>	<u>2,871</u>
Excess (deficiency) of receipts over disbursements	<u>8,559</u>	<u>19,006</u>	<u>(799)</u>	<u>(5,958)</u>	<u>28,163</u>	<u>704</u>	<u>(21)</u>
Cash and investments - ending	<u>\$ 79,368</u>	<u>\$ 44,802</u>	<u>\$ 3,186</u>	<u>\$ 15,181</u>	<u>\$ 34,744</u>	<u>\$ 3,099</u>	<u>\$ -</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Park Deposits	Park Senior Citizens	Cumulative Capital Devel	Cumulative Capital Improv	Hanover Library CDBG	CEDIT	Payroll
Cash and investments - beginning	\$ -	\$ 12,333	\$ 126,434	\$ -	\$ -	\$ 127,857	\$ 23,288
Receipts:							
Taxes	-	-	12,318	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1,066	11,674	293,104	196,790	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,350	6,363	3,507	-	-	11,860	609,685
Total receipts	<u>3,350</u>	<u>6,363</u>	<u>16,891</u>	<u>11,674</u>	<u>293,104</u>	<u>208,650</u>	<u>609,685</u>
Disbursements:							
Personal services	-	4,048	-	-	-	-	-
Supplies	-	345	-	-	-	12,508	-
Other services and charges	-	-	-	-	268,704	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	120,327	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,300	1,581	-	11,674	-	27,492	611,741
Total disbursements	<u>3,300</u>	<u>5,974</u>	<u>-</u>	<u>11,674</u>	<u>268,704</u>	<u>160,327</u>	<u>611,741</u>
Excess (deficiency) of receipts over disbursements	<u>50</u>	<u>389</u>	<u>16,891</u>	<u>-</u>	<u>24,400</u>	<u>48,323</u>	<u>(2,056)</u>
Cash and investments - ending	<u>\$ 50</u>	<u>\$ 12,722</u>	<u>\$ 143,325</u>	<u>\$ -</u>	<u>\$ 24,400</u>	<u>\$ 176,180</u>	<u>\$ 21,232</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Solid Waste and Recycling	Wastewater Operating	Wastewater Bond/Int 2000	Wastewater Improvement 98	Wastewater Construction	Wastewater B & I 2003 SRF
Cash and investments - beginning	\$ 23,075	\$ 371,279	\$ 50,035	\$ 105,379	\$ 13,379	\$ 92,816
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	102,795	672,097	-	-	-	-
Penalties	3,493	10,030	-	-	-	-
Other receipts	7,201	94,338	122,954	8,579	49	97,814
Total receipts	<u>113,489</u>	<u>776,465</u>	<u>122,954</u>	<u>8,579</u>	<u>49</u>	<u>97,814</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	123,472	-	-	110,796
Capital outlay	-	-	-	-	-	-
Utility operating expenses	106,737	413,464	-	-	-	-
Other disbursements	8,863	386,097	500	-	-	-
Total disbursements	<u>115,600</u>	<u>799,561</u>	<u>123,972</u>	<u>-</u>	<u>-</u>	<u>110,796</u>
Excess (deficiency) of receipts over disbursements	<u>(2,111)</u>	<u>(23,096)</u>	<u>(1,018)</u>	<u>8,579</u>	<u>49</u>	<u>(12,982)</u>
Cash and investments - ending	<u>\$ 20,964</u>	<u>\$ 348,183</u>	<u>\$ 49,017</u>	<u>\$ 113,958</u>	<u>\$ 13,428</u>	<u>\$ 79,834</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Wastewater Bond/Int 1998	Wastewater Bond/Interest	Wastewater Debt Reserve	Wastewater Improvement	Water Utility Operating	Water Bond/Interest 1998
Cash and investments - beginning	\$ 20,498	\$ 59,308	\$ 360,945	\$ 9,092	\$ 14,824	\$ 23,517
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	286,010	-
Penalties	-	-	-	-	6,271	-
Other receipts	26,742	1,392	24,014	-	36,084	26,369
Total receipts	<u>26,742</u>	<u>1,392</u>	<u>24,014</u>	<u>-</u>	<u>328,365</u>	<u>26,369</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	31,125	-	-	-	-	31,125
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	288,880	-
Other disbursements	-	-	-	-	38,872	-
Total disbursements	<u>31,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,752</u>	<u>31,125</u>
Excess (deficiency) of receipts over disbursements	<u>(4,383)</u>	<u>1,392</u>	<u>24,014</u>	<u>-</u>	<u>613</u>	<u>(4,756)</u>
Cash and investments - ending	<u>\$ 16,115</u>	<u>\$ 60,700</u>	<u>\$ 384,959</u>	<u>\$ 9,092</u>	<u>\$ 15,437</u>	<u>\$ 18,761</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Depreciation	Customer Deposit	Water Improvement 1998	Water Tower Maintenance	Water Debt Reserve 1998	Totals
Cash and investments - beginning	\$ 26,210	\$ 72,159	\$ 76,721	\$ 49,161	\$ 33,000	\$ 1,927,741
Receipts:						
Taxes	-	-	-	-	-	182,857
Licenses and permits	-	-	-	-	-	1,180
Intergovernmental	-	-	-	-	-	708,940
Charges for services	-	-	-	-	-	23,665
Fines and forfeits	-	-	-	-	-	2,499
Utility fees	-	-	-	-	-	1,060,902
Penalties	-	-	-	-	-	19,794
Other receipts	1,365	23,724	4,960	13,545	-	1,292,495
Total receipts	1,365	23,724	4,960	13,545	-	3,292,332
Disbursements:						
Personal services	-	-	-	-	-	4,048
Supplies	-	-	-	-	-	40,695
Other services and charges	-	-	-	-	-	382,655
Debt service - principal and interest	-	-	-	-	-	296,518
Capital outlay	-	-	-	-	-	125,855
Utility operating expenses	-	18,483	-	-	-	827,564
Other disbursements	-	2,010	-	-	-	1,457,479
Total disbursements	-	20,493	-	-	-	3,134,814
Excess (deficiency) of receipts over disbursements	1,365	3,231	4,960	13,545	-	157,518
Cash and investments - ending	\$ 27,575	\$ 75,390	\$ 81,681	\$ 62,706	\$ 33,000	\$ 2,085,259

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

	General	Petty Cash	Motor Vehicle Highway	Local Road and Street	Donations	Local Law Continuing Ed	Riverboat
Cash and investments - beginning	\$ 22,825	\$ 750	\$ 38,022	\$ -	\$ 43,421	\$ 4,053	\$ 79,368
Receipts:							
Taxes	133,227	-	-	-	-	-	-
Licenses and permits	1,544	-	-	-	-	-	-
Intergovernmental	22,294	-	98,546	14,649	-	-	23,825
Charges for services	3	-	-	-	-	805	-
Fines and forfeits	1,453	-	-	-	-	5	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	89,502	-	1,464	1,283	32,940	-	-
Total receipts	<u>248,023</u>	<u>-</u>	<u>100,010</u>	<u>15,932</u>	<u>32,940</u>	<u>810</u>	<u>23,825</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	8,614	-	4,054	-	-	2,091	-
Other services and charges	1,602	-	20,560	14,448	3,804	800	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	226,517	-	81,612	-	-	-	-
Total disbursements	<u>236,733</u>	<u>-</u>	<u>106,226</u>	<u>14,448</u>	<u>3,804</u>	<u>2,891</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>11,290</u>	<u>-</u>	<u>(6,216)</u>	<u>1,484</u>	<u>29,136</u>	<u>(2,081)</u>	<u>23,825</u>
Cash and investments - ending	<u>\$ 34,115</u>	<u>\$ 750</u>	<u>\$ 31,806</u>	<u>\$ 1,484</u>	<u>\$ 72,557</u>	<u>\$ 1,972</u>	<u>\$ 103,193</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Park and Recreation	Park Donations	McNeely Donation	Hanover Library CDBG	Hanover Fire Station CDBG	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 44,802	\$ 15,181	\$ 3,186	\$ 24,400	\$ -	\$ 34,744	\$ -
Receipts:							
Taxes	52,347	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,119	-	-	206,896	58,868	45,243	-
Charges for services	29,905	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	27,202	1,500	51	-	-	-	514
Total receipts	<u>113,573</u>	<u>1,500</u>	<u>51</u>	<u>206,896</u>	<u>58,868</u>	<u>45,243</u>	<u>514</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	8,436	-	3,237	-	-	-	-
Other services and charges	38,021	-	-	231,296	58,868	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	28,381	769	-	-	-	-	-
Total disbursements	<u>74,838</u>	<u>769</u>	<u>3,237</u>	<u>231,296</u>	<u>58,868</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>38,735</u>	<u>731</u>	<u>(3,186)</u>	<u>(24,400)</u>	<u>-</u>	<u>45,243</u>	<u>514</u>
Cash and investments - ending	<u>\$ 83,537</u>	<u>\$ 15,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,987</u>	<u>\$ 514</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Reserve Officers Donation	Operation Pullover Grant	Park Deposits	Park Senior Citizens	Park Nonreverting	Cumulative Capital Improv	Cumulative Capital Devel
Cash and investments - beginning	\$ 3,099	\$ -	\$ 50	\$ 12,722	\$ 7,099	\$ -	\$ 143,325
Receipts:							
Taxes	-	-	-	-	-	-	12,877
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	11,147	1,014
Charges for services	-	-	-	-	5,057	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	709	1,616	1,900	6,057	-	-	1,417
Total receipts	<u>709</u>	<u>1,616</u>	<u>1,900</u>	<u>6,057</u>	<u>5,057</u>	<u>11,147</u>	<u>15,308</u>
Disbursements:							
Personal services	-	-	-	3,962	-	-	-
Supplies	290	-	-	427	-	-	-
Other services and charges	-	-	-	-	3,091	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	371	1,616	1,900	109	-	11,147	-
Total disbursements	<u>661</u>	<u>1,616</u>	<u>1,900</u>	<u>4,498</u>	<u>3,091</u>	<u>11,147</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>48</u>	<u>-</u>	<u>-</u>	<u>1,559</u>	<u>1,966</u>	<u>-</u>	<u>15,308</u>
Cash and investments - ending	<u>\$ 3,147</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 14,281</u>	<u>\$ 9,065</u>	<u>\$ -</u>	<u>\$ 158,633</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	CREDIT	Payroll	Solid Waste and Recycling	Wastewater Operating	Wastewater Bond/Int 2000	Wastewater Improvement 98	Wastewater Construction
Cash and investments - beginning	\$ 176,180	\$ 21,232	\$ 20,964	\$ 348,183	\$ 49,017	\$ 113,958	\$ 13,428
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	228,981	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	103,478	677,571	-	-	-
Penalties	-	-	3,227	9,594	-	-	-
Other receipts	6,391	605,400	2,576	83,947	136,296	9,213	20
Total receipts	<u>235,372</u>	<u>605,400</u>	<u>109,281</u>	<u>771,112</u>	<u>136,296</u>	<u>9,213</u>	<u>20</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	21,234	-	-	-	-	-	-
Other services and charges	77,321	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	122,775	-	-
Capital outlay	80,954	-	-	-	-	-	-
Utility operating expenses	-	-	99,572	412,237	-	-	-
Other disbursements	12,000	608,015	2,349	354,854	500	-	-
Total disbursements	<u>191,509</u>	<u>608,015</u>	<u>101,921</u>	<u>767,091</u>	<u>123,275</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>43,863</u>	<u>(2,615)</u>	<u>7,360</u>	<u>4,021</u>	<u>13,021</u>	<u>9,213</u>	<u>20</u>
Cash and investments - ending	<u>\$ 220,043</u>	<u>\$ 18,617</u>	<u>\$ 28,324</u>	<u>\$ 352,204</u>	<u>\$ 62,038</u>	<u>\$ 123,171</u>	<u>\$ 13,448</u>

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Improvement	Wastewater B & I 2003 SRF	Wastewater Bond/Int 1998	Wastewater Bond/Interest	Wastewater Debt Reserve	Water Utility Operating	Water Bond/Interest 1998
Cash and investments - beginning	\$ 9,092	\$ 79,834	\$ 16,115	\$ 60,700	\$ 384,959	\$ 15,437	\$ 18,761
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	295,929	-
Penalties	-	-	-	-	-	5,906	-
Other receipts	-	108,363	29,392	643	18,478	25,934	29,077
Total receipts	-	108,363	29,392	643	18,478	327,769	29,077
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	113,125	29,875	-	-	-	29,875
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	299,295	-
Other disbursements	-	-	-	-	-	39,264	-
Total disbursements	-	113,125	29,875	-	-	338,559	29,875
Excess (deficiency) of receipts over disbursements	-	(4,762)	(483)	643	18,478	(10,790)	(798)
Cash and investments - ending	\$ 9,092	\$ 75,072	\$ 15,632	\$ 61,343	\$ 403,437	\$ 4,647	\$ 17,963

TOWN OF HANOVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Depreciation	Customer Deposit	Water Improvement 1998	Water Tower Maintenance	Water Debt Reserve 1998	Totals
Cash and investments - beginning	\$ 27,575	\$ 75,390	\$ 81,681	\$ 62,706	\$ 33,000	\$ 2,085,259
Receipts:						
Taxes	-	-	-	-	-	198,451
Licenses and permits	-	-	-	-	-	1,544
Intergovernmental	-	-	-	-	-	715,582
Charges for services	-	-	-	-	-	35,770
Fines and forfeits	-	-	-	-	-	1,458
Utility fees	-	-	-	-	-	1,076,978
Penalties	-	-	-	-	-	18,727
Other receipts	283	19,931	3,827	12,779	-	1,258,705
Total receipts	<u>283</u>	<u>19,931</u>	<u>3,827</u>	<u>12,779</u>	<u>-</u>	<u>3,307,215</u>
Disbursements:						
Personal services	-	-	-	-	-	3,962
Supplies	-	-	-	-	-	48,383
Other services and charges	-	-	-	-	-	449,811
Debt service - principal and interest	-	-	-	-	-	295,650
Capital outlay	1,974	-	-	-	-	82,928
Utility operating expenses	-	19,276	-	-	-	830,380
Other disbursements	2,600	-	-	-	-	1,372,004
Total disbursements	<u>4,574</u>	<u>19,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,083,118</u>
Excess (deficiency) of receipts over disbursements	<u>(4,291)</u>	<u>655</u>	<u>3,827</u>	<u>12,779</u>	<u>-</u>	<u>224,097</u>
Cash and investments - ending	<u>\$ 23,284</u>	<u>\$ 76,045</u>	<u>\$ 85,508</u>	<u>\$ 75,485</u>	<u>\$ 33,000</u>	<u>\$ 2,309,356</u>

TOWN OF HANOVER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 4,083,358
Buildings	1,085,583
Machinery and equipment	<u>336,889</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 5,505,830</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 67,833
Improvements other than buildings	1,047,909
Machinery and equipment	<u>66,439</u>
 Total Water Utility capital assets	 <u>1,182,181</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	67,834
Improvements other than buildings	2,496,525
Machinery and equipment	<u>66,440</u>
 Total Wastewater Utility capital assets	 <u>2,630,799</u>
 Total business-type activities capital assets	 <u><u>\$ 3,812,980</u></u>

TOWN OF HANOVER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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	\$ 85,000	\$ 28,625
Wastewater Utility:		
Loan payable:		
State revolving loan (SRF)	1,138,300	106,565
Revenue bonds:		
Wastewater and municipal utility buildings	85,000	28,625
Wastewater plant improvements and line extensions	<u>1,120,000</u>	<u>130,581</u>
Total Wastewater Utility	<u>2,343,300</u>	<u>265,771</u>
Total business-type activities debt	<u>\$ 2,428,300</u>	<u>\$ 294,396</u>

TOWN OF HANOVER
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2011, with Donna S. Pettitt, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.