

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

EXAMINATION REPORT

OF

HANNA TOWNSHIP

LAPORTE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
10/31/2007

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|------------------------------------------------------------------------------|-------------|
| Officials | 2 |
| Independent Accountant's Report | 3 |
| Financial Information: | |
| Schedules of Receipts, Disbursements, and Cash and Investment Balances | 4 |
| Notes to Financial Information..... | 5 |
| Examination Results and Comments: | |
| Receipt Issuance | 6 |
| Internal Controls | 6 |
| Annual Report..... | 6 |
| Exit Conference..... | 7 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|------------------|----------------------|
| Trustee | Glenn Wallace | 01-01-03 to 12-31-10 |
| Chairman of the Township Board | Monte Clindaniel | 01-01-05 to 12-31-05 |
| | Steven Koontz | 01-01-06 to 12-31-06 |
| | Patricia Werner | 01-01-07 to 12-31-07 |



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HANNA TOWNSHIP, LAPORTE COUNTY, INDIANA

We have examined the financial information presented herein of Hanna Township (Township), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 13, 2007

HANNA TOWNSHIP, LAPORTE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 20,949 | \$ 20,404 | \$ 24,962 | \$ 16,391 |
| Dog | 533 | 274 | 248 | 559 |
| Township Assistance | 12,295 | 3,626 | 1,316 | 14,605 |
| Firefighting | 48,462 | 70,813 | 65,786 | 53,489 |
| Fire Debt | 777 | 22,807 | 23,461 | 123 |
| Rainy Day | 5,203 | 12,334 | 720 | 16,817 |
| Totals | <u>\$ 88,219</u> | <u>\$ 130,258</u> | <u>\$ 116,493</u> | <u>\$ 101,984</u> |

| | Cash and Investments 01-01-06 | Receipts | Disbursements | Cash and Investments 12-31-06 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 16,391 | \$ 24,198 | \$ 24,957 | \$ 15,632 |
| Dog | 559 | 282 | 841 | - |
| Township Assistance | 14,605 | 1,617 | 139 | 16,083 |
| Firefighting | 53,489 | 176,235 | 56,019 | 173,705 |
| Fire Debt | 123 | 23,670 | 24,528 | (735) |
| Rainy Day | 16,817 | 11,104 | 3,175 | 24,746 |
| Levy Excess | - | 3,795 | - | 3,795 |
| Totals | <u>\$ 101,984</u> | <u>\$ 240,901</u> | <u>\$ 109,659</u> | <u>\$ 233,226</u> |

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

HANNA TOWNSHIP, LAPORTE 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, 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.

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. Subsequent Event

Tax Levies and Rates for 2007

Due to delays caused by trending of assessments, the assessed valuations of LaPorte County have not been finalized. Therefore, the 2006 pay 2007 property tax rates and levies, as well as the related budget orders for 2007, have not yet been established as of August 20, 2007.

HANNA TOWNSHIP, LAPORTE COUNTY
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

The Township does not have a duplicate receipt book, and does not issue receipts for funds collected.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

INTERNAL CONTROLS

The controls over the recording and accounting for the financial activities were insufficient. Many instances were found in which transactions were recorded in the ledger, but not added or subtracted from the fund balance.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORT

The numbers reported on the Annual Township Financial Report were not in agreement with the ledgers.

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

HANNA TOWNSHIP, LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2007, with Glenn Wallace, Trustee. The official concurred with our finding.