

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

EXAMINATION REPORT  
OF  
HENRY TOWNSHIP  
FULTON COUNTY, INDIANA  
January 1, 2003 to December 31, 2005



**FILED**  
10/16/2006



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OFFICIALS

Office

Official

Term

Trustee

Becky L. Gearhart

01-01-03 to 12-31-06

Chairman of the  
Township Board

Joe Day

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 HENRY TOWNSHIP, FULTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Henry 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 13, 2006

HENRY TOWNSHIP, FULTON COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
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	\$ 56,552	\$ 11,361	\$ 19,065	\$ 48,848
Dog	716	426	541	601
Township Assistance	14,600	6,417	2,528	18,489
Firefighting	27,894	65,460	85,248	8,106
Fire Debt	12,380	-	-	12,380
Community Host Fee	13,493	3,737	2,616	14,614
Fiduciary Fund:				
Payroll Withholdings	(78)	1,688	1,708	(98)
Totals	<u>\$ 125,557</u>	<u>\$ 89,089</u>	<u>\$ 111,706</u>	<u>\$ 102,940</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 48,848	\$ 22,104	\$ 20,624	\$ 50,328
Dog	601	384	184	801
Township Assistance	18,489	5,485	3,779	20,195
Firefighting	8,106	62,073	69,175	1,004
Fire Debt	12,380	-	12,380	-
Community Host Fee	14,614	13,909	2,500	26,023
Fiduciary Fund:				
Payroll Withholdings	(98)	1,737	1,737	(98)
Totals	<u>\$ 102,940</u>	<u>\$ 105,692</u>	<u>\$ 110,379</u>	<u>\$ 98,253</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 50,328	\$ 14,150	\$ 28,260	\$ 36,218
Dog	801	256	324	733
Township Assistance	20,195	8,919	3,946	25,168
Firefighting	1,004	95,098	76,302	19,800
Community Host Fee	26,023	19,595	34,709	10,909
Fiduciary Fund:				
Payroll Withholdings	(98)	1,773	1,774	(99)
Totals	<u>\$ 98,253</u>	<u>\$ 139,791</u>	<u>\$ 145,315</u>	<u>\$ 92,729</u>

The accompanying notes are an integral part of the schedules.

HENRY TOWNSHIP, FULTON 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, 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 a capital lease for a Freightliner Rescue Truck. The outstanding principal at December 31, 2005, was \$8,972.

HENRY TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Becky L. Gearhart, Henry Township Trustee, received \$2,250.00 in payments for the years 2004 and 2005 which were not included in the payroll system or on the salary resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

We requested Becky L. Gearhart, Henry Township Trustee, to reimburse the Township \$2,250.00 for compensation paid in excess of amount established by the board. (See Summary, page 10)

TOWNSHIP ASSISTANCE FOR TRUSTEE

The Henry Township Trustee paid her own personal expenses from the Township Assistance Fund on two occasions during 2005. The total township assistance received was \$400.67. No application for assistance related to these payments could be located.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance guidelines Manual for Townships, Chapter 13)

We requested Becky L. Gearhart, Henry Township Trustee, to reimburse the Township \$400.67 for unauthorized personal expenses paid from the Township Assistance Fund. (See Summary, page 10)

CELL PHONE FOR TRUSTEE

The Township office has a land line telephone with a listed number in the telephone directory. The Township provided the Trustee with a cell phone in September 2005, in addition to the office telephone. A review of the phone charges for the period September 20, 2005 to November 20, 2005, revealed the following:

Total minutes used:	1480
Weekend minutes used:	242
Total number of calls on phone:	512

The phone number for the cell phone is not listed in a directory for public use. The volume of usage for the cell phone and a review of the phone numbers called indicated that the cell phone was used frequently for the personal business of the Trustee.

"Public funds may not be used to pay for personal items for expenses which do not relate to the functions and purpose of the governmental unit. Any personal expenses 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 17)

HENRY TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

We requested the Trustee, to reimburse the Township \$433.28 for cell phone charges. (See Summary, page 10)

ADVANCED PAYROLL PAYMENTS

Dates of transactions indicate that some payments for payroll were made to individuals prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES

Penalties totaling \$93.64 were paid to the Internal Revenue Service on December 23, 2004, for the period 2004.

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.

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)

GAS CARDS FOR TRUSTEE

The Trustee purchased gas cards on August 8, 2005, for trips to Indianapolis for Trustee Meetings. The total cost of the cards was \$150.00

Indiana Code 36-6-8-3(b) states: "The township executive is entitled to a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees.

Mileage Claim Form No. 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

HENRY TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OFFICIAL BOND

The following bond for Becky L. Gearhart, Trustee, for the period January 1, 2003 to December 31, 2005, was not filed in the Office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

HENRY TOWNSHIP, FULTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 13, 2006, with Becky L. Gearhart, Trustee. The official concurred with our findings.

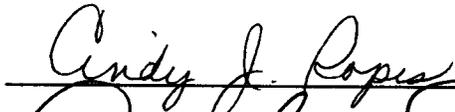
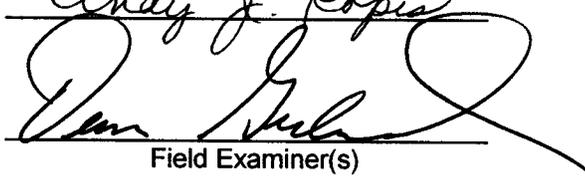
HENRY TOWNSHIP, FULTON COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Becky Gearhart, Trustee:			
Compensation and Benefits, page 6	\$ 2,250.00	\$ -	\$ 2,250.00
Township Assistance for Trustee, page 6	400.67	-	400.67
Cell Phone for Trustee, pages 6-7	<u>433.28</u>	<u>-</u>	<u>433.28</u>
 Totals	 <u>\$ 3,083.95</u>	 <u>\$ -</u>	 <u>\$ 3,083.95</u>

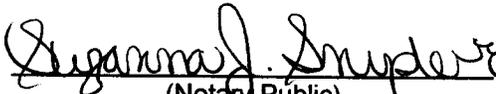
AFFIDAVIT

STATE OF INDIANA )  
Cass COUNTY )

We, Dean Gerlach and Cindy J. Ropes, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Henry Township, Fulton County, Indiana, for the period from January 1, 2003 to December 31, 2005, is true and correct to the best of our knowledge and belief.

  
  
Field Examiner(s)

Subscribed and sworn to before me this 3 day of October, 2006.

  
(Notary Public)

My Commission Expires: 3-14-07

County of Residence: Cass