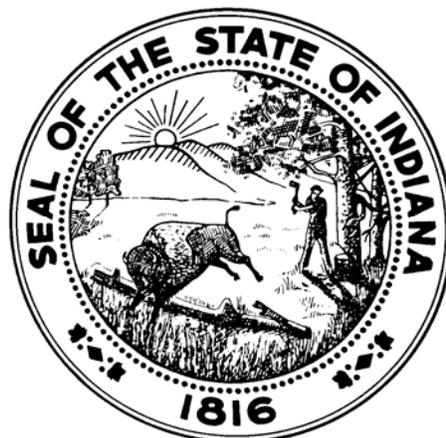


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
HARMONY TOWNSHIP
UNION COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
12/15/2006

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OFFICIALS

Office

Official

Term

Trustee

Joan Kuhlenbeck

01-01-03 to 12-31-06

Chairman of the
Township Board

Kathleen Klein

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 HARMONY TOWNSHIP, UNION COUNTY, INDIANA

We have examined the financial information presented herein of Harmony Township (Township), for the period of January 1, 2003 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, 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

November 16, 2006

HARMONY TOWNSHIP, UNION COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 15,631	\$ 12,599	\$ 11,720	\$ 16,510
Dog	300	48	22	326
Township Assistance	7,775	2,082	-	9,857
Firefighting	29,386	14,752	8,671	35,467
Levy Excess	2,273	-	-	2,273
Totals	<u>\$ 55,365</u>	<u>\$ 29,481</u>	<u>\$ 20,413</u>	<u>\$ 64,433</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 16,510	\$ 10,117	\$ 11,788	\$ 14,839
Dog	326	48	48	326
Township Assistance	9,857	2,033	-	11,890
Firefighting	35,467	13,216	6,204	42,479
Rainy Day	-	659	-	659
Levy Excess	2,273	-	-	2,273
Totals	<u>\$ 64,433</u>	<u>\$ 26,073</u>	<u>\$ 18,040</u>	<u>\$ 72,466</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 14,839	\$ 9,090	\$ 12,057	\$ 11,872
Dog	326	46	46	326
Township Assistance	11,890	2,317	-	14,207
Firefighting	42,479	14,353	8,677	48,155
Rainy Day	659	-	-	659
Levy Excess	2,273	-	-	2,273
Totals	<u>\$ 72,466</u>	<u>\$ 25,806</u>	<u>\$ 20,780</u>	<u>\$ 77,492</u>

The accompanying notes are an integral part of the schedules.

HARMONY TOWNSHIP, UNION COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction
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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.

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

On March 31, 2006, the Township entered into a loan agreement with Center Township, Brownsville Township, Liberty Township, Harmony Township and the Town of Liberty for \$100,000 for the purchase of a 2006 Freightliner fire truck.

HARMONY TOWNSHIP, UNION COUNTY
EXAMINATION RESULTS AND COMMENTS

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee did not deposit receipts in a timely manner. Local Tax Distributions received June 30, 2005, were not deposited until December 7, 2005. A similar comment appeared in the prior report.

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. A similar comment appeared in the prior report.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Federal withholdings for 2005 were not distributed to the proper authorities in a timely manner.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

HARMONY TOWNSHIP, UNION COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

There were posting errors in 2003 and 2005. These errors included deposits not receipted to the ledger.

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)

REQUIRED REPORTS

Annual Reports were not filed with the State Board of Accounts for Years 2003, 2004, or 2005. Certified Reports of Names, Addresses, Duties and Compensation of Public Employees, Form 100R, were not filed with the State Board of Accounts for Years 2003, 2004, or 2005.

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)

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees, Form 100R, and send the same properly certified to the State Examiner of the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

HARMONY TOWNSHIP, UNION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2006, with Joan Kuhlenbeck, Trustee.
The official concurred with our findings.