

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

EXAMINATION REPORT
OF
HENRY TOWNSHIP
FULTON COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
05/07/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Becky L. Gearhart	01-01-07 to 12-31-10
Chairman of the Township Board	Joe Day	01-01-07 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HENRY TOWNSHIP, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of Henry Township (Township), for the period of January 1, 2007 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 6, 2008

HENRY TOWNSHIP, FULTON COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 43,282	\$ 17,378	\$ 23,159	\$ 37,501
Dog	383	30	-	413
Township Assistance	27,725	-	4,131	23,594
Firefighting	(6,381)	73,158	71,804	(5,027)
Community Host Fee	23,386	1,000	-	24,386
Fiduciary Fund:				
Payroll Withholdings	(99)	2,203	2,104	-
Totals	<u>\$ 88,296</u>	<u>\$ 93,769</u>	<u>\$ 101,198</u>	<u>\$ 80,867</u>

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

HENRY TOWNSHIP, FULTON 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. 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.

HENRY TOWNSHIP, FULTON COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2007

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 286,502</u>

HENRY TOWNSHIP, FULTON COUNTY
EXAMINATION RESULTS AND COMMENTS

ADVANCED PAYROLL PAYMENTS

The Township Trustee was being paid monthly, during 2007, and was paid in advance 12 out of 12 payments. The Township Clerk was being paid quarterly during 2007 and was paid in advance 3 out of 4 payments. Advance payments were also noted in each of the last 2 reports.

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)

Indiana Code 5-7-3-1 states: "(a) Public officers may not draw or receive their salaries in advance."

ADVANCE PAYMENTS

Four checks, totaling \$16,119.65, were written December 27, 2007, in advance of goods being received. The items had not been received as of January 30, 2008, and the checks had not been mailed.

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, INTEREST, AND OTHER CHARGES

Amounts payable to the Indiana Department of Revenue for payroll withholdings were not being remitted correctly or timely for the years 2007, 2006, and 2005. The Township withheld \$507.80 in 2007 for State and Local taxes, \$452.88 in 2006 and \$439.16 in 2005 for total of \$1,399.84 for the three years. The Township received five "Demand Notices for Payment" and three "Proposed Assessments" from the Indiana Department of Revenue in 2007, as well as three Tax Warrants from Fulton County Sheriff for withholdings due in 2007. Henry Township paid \$1,361.06, \$697.26 and \$720.86 for 2007, 2006, and 2005 taxes respectively during 2007. The payments included \$219.95 for penalties and \$55.12 for interest. Due to the lack of the information necessary to assess the correct amount of tax, the Indiana Department of Revenue estimated the tax due on the delinquent payments. The estimated assessments generated by the Indiana Department of Revenue were greater than the tax that was actually due. The Township has overpaid amounts due the "IDR" for 2005, 2006, and 2007 by \$1,211.22.

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

The Indiana Department of Revenue has been contacted and is in the process of resolving this issue with the Township.

Officials and employee 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)

OVERDRAWN FUND BALANCE

The Firefighting Fund was overdrawn in 2007.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

HENRY TOWNSHIP, FULTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2008, with Becky L. Gearhart, Trustee; and Joe Day, Chairman of the Township Board. The officials concurred with our findings.