

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

AUDIT REPORT

OF

WASHINGTON TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2002 to December 31, 2004



FILED
01/09/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gwendolyn M. Horth, CPA	01-01-99 to 12-31-06
Chairman of the Township Board	Joseph E. Simpson Raymond A. Baker Edward I. O'Rea Alice Jenkins	01-01-02 to 12-31-02 01-01-03 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Washington Township (Township), as of and for the years ended December 31, 2002, 2003, and 2004, as listed in the table of contents, which collectively comprise the Township's basic financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note I, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental activities each major fund, and the aggregate remaining fund information of the Township as of December 31, 2002, 2003, and 2004, and the cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

The Schedules of Funding Progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

August 18, 2005

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF CASH AND INVESTMENTS
December 31, 2002

<u>Assets</u>	<u>Governmental Activities</u>
Cash and investments	\$ 3,252,308
Restricted assets:	
Cash and investments	<u>271,168</u>
Total assets	<u>\$ 3,523,476</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 271,168
Unrestricted	<u>3,252,308</u>
Total net assets	<u>\$ 3,523,476</u>

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF CASH AND INVESTMENTS
December 31, 2003

<u>Assets</u>	<u>Governmental Activities</u>
Cash and investments	\$ 6,449,472
Restricted assets:	
Cash and investments	<u>196,151</u>
Total assets	<u>\$ 6,645,623</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 196,151
Unrestricted	<u>6,449,472</u>
Total net assets	<u>\$ 6,645,623</u>

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF CASH AND INVESTMENTS
December 31, 2004

<u>Assets</u>	<u>Governmental Activities</u>
Cash and investments	\$ 6,089,083
Restricted assets:	
Cash and investments	<u>294,070</u>
Total assets	<u>\$ 6,383,153</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 294,070
Unrestricted	<u>6,089,083</u>
Total net assets	<u>\$ 6,383,153</u>

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF CASH ACTIVITIES
For The Year Ended December 31, 2002

Functions/Programs	Disbursements	Program Receipts Charges for Services	Net (Disbursement) Receipt and Changes in Net Assets
Primary government:			
Governmental activities:			
General government	\$ 556,977	\$ 295,171	\$ (261,806)
Public safety	15,536,523	1,167,050	(14,369,473)
Health and welfare	351,186	-	(351,186)
Interest on long-term debt	50,634	-	(50,634)
Total primary government	\$ 16,495,320	\$ 1,462,221	(15,033,099)
General receipts:			
			9,616,723
			2,734,661
			3,108,488
			63,362
		Total general receipts	15,523,234
		Change in net assets	490,135
		Net assets - beginning	3,033,341
		Net assets - ending	\$ 3,523,476

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF CASH ACTIVITIES
For The Year Ended December 31, 2003

Functions/Programs	Disbursements	Program Receipts Charges for Services	Net (Disbursement) Receipt and Changes in Net Assets
Primary government:			
Governmental activities:			
General government	\$ 776,114	\$ 209,394	\$ (566,720)
Public safety	15,233,176	1,253,144	(13,980,032)
Health and welfare	387,413	-	(387,413)
Interest on long-term debt	40,916	-	(40,916)
Total primary government	<u>\$ 16,437,619</u>	<u>\$ 1,462,538</u>	<u>(14,975,081)</u>
General receipts:			
Property taxes			11,325,599
Other local sources			2,597,955
Investment earnings			24,143
Special item:			
Reimbursement of refund			<u>4,149,531</u>
Total general receipts and special item			<u>18,097,228</u>
			Change in net assets 3,122,147
			<u>Net assets - beginning 3,523,476</u>
			<u>\$ 6,645,623</u>

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF CASH ACTIVITIES
For The Year Ended December 31, 2004

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipt and Changes in Net Assets
Primary government:					
Governmental activities:					
General government	\$ 561,189	\$ 743	\$ -	\$ -	\$ (560,446)
Public safety	15,259,214	1,345,048	50,000	10,000	(13,854,166)
Health and welfare	390,869	-	-	-	(390,869)
Interest on long-term debt	17,979	-	-	-	(17,979)
Total primary government	\$ 16,229,251	\$ 1,345,791	\$ 50,000	\$ 10,000	(14,823,460)
General receipts:					
Property taxes					10,929,116
Other local sources					2,962,925
Bonds and loans					610,500
Investment earnings					58,449
Total general receipts					14,560,990
Change in net assets					(262,470)
Net assets - beginning					6,645,623
Net assets - ending					\$ 6,383,153

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2002

	Township General Fund	Township Assistance Fund	Firefighting Fund	Cumulative Fire Fund	Other Governmental Funds	Totals
Cash and investments - January 1	\$ 997,723	\$ 38,799	\$ 1,033,823	\$ 961,880	\$ 1,116	\$ 3,033,341
Operating receipts:						
Taxes	314,329	373,260	10,459,956	1,134,258	-	12,281,803
Charges for services	294,333	-	1,167,050	-	833	1,462,216
Miscellaneous	20	30,450	102,478	-	-	132,948
Total operating receipts	608,682	403,710	11,729,484	1,134,258	833	13,876,967
Bond proceeds	-	-	3,108,488	-	-	3,108,488
Transfers in	18,163	18,163	118,361	118,361	-	273,048
Total receipts	626,845	421,873	14,956,333	1,252,619	833	17,258,503
Operating disbursements:						
General government	556,159	-	-	-	818	556,977
Public safety	-	-	11,567,237	660,966	-	12,228,203
Health and welfare	-	351,186	-	-	-	351,186
Debt service:						
Principal	-	-	3,112,031	196,289	-	3,308,320
Interest and paying agent fees	-	-	38,923	11,711	-	50,634
Total operating disbursements	556,159	351,186	14,718,191	868,966	818	16,495,320
Transfers out	18,163	18,163	118,361	118,361	-	273,048
Total disbursements	574,322	369,349	14,836,552	987,327	818	16,768,368
Excess of total receipts over total disbursements	52,523	52,524	119,781	265,292	15	490,135
Cash and investments - December 31	\$ 1,050,246	\$ 91,323	\$ 1,153,604	\$ 1,227,172	\$ 1,131	\$ 3,523,476

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2003

	Township General Fund	Township Assistance Fund	Firefighting Fund	Cumulative Fire Fund	Other Governmental Funds	Totals
Cash and investments - January 1	\$ 1,050,246	\$ 91,323	\$ 1,153,604	\$ 1,227,172	\$ 1,131	\$ 3,523,476
Operating receipts:						
Taxes	393,477	327,367	11,899,163	1,253,012	757	13,873,776
Charges for services	208,636	-	1,253,144	-	-	1,461,780
Miscellaneous	1,842	11,513	61,324	-	-	74,679
Total operating receipts	603,955	338,880	13,213,631	1,253,012	757	15,410,235
Reimbursement of refund	-	-	4,149,531	-	-	4,149,531
Transfers in	33,975	33,975	375,688	375,688	-	819,326
Total receipts	637,930	372,855	17,738,850	1,628,700	757	20,379,092
Operating disbursements:						
General government	775,283	-	-	-	831	776,114
Public safety	-	-	14,241,132	714,802	-	14,955,934
Health and welfare	-	387,413	-	-	-	387,413
Debt service:						
Principal	-	-	6,074	271,168	-	277,242
Interest and paying agent fees	-	-	-	40,916	-	40,916
Total operating disbursements	775,283	387,413	14,247,206	1,026,886	831	16,437,619
Transfers out	33,975	33,975	375,688	375,688	-	819,326
Total disbursements	809,258	421,388	14,622,894	1,402,574	831	17,256,945
Excess (deficiency) of total receipts over (under) total disbursements	(171,328)	(48,533)	3,115,956	226,126	(74)	3,122,147
Cash and investments - December 31	\$ 878,918	\$ 42,790	\$ 4,269,560	\$ 1,453,298	\$ 1,057	\$ 6,645,623

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	Township General Fund	Township Assistance Fund	Firefighting Fund	Cumulative Fire Fund	Other Governmental Funds	Totals
Cash and investments - January 1	\$ 878,918	\$ 42,790	\$ 4,269,560	\$ 1,453,298	\$ 1,057	\$ 6,645,623
Operating receipts:						
Taxes	375,629	393,853	11,423,358	1,239,032	38,385	13,470,257
Charges for services	-	-	1,345,048	-	-	1,345,048
Miscellaneous	10,499	16,657	451,784	2,036	-	480,976
Total operating receipts	386,128	410,510	13,220,190	1,241,068	38,385	15,296,281
Bond proceeds	-	-	-	610,500	-	610,500
Grant proceeds	-	-	50,000	10,000	-	60,000
Transfers in	703,911	244,926	-	-	-	948,837
Total receipts	1,090,039	655,436	13,270,190	1,861,568	38,385	16,915,618
Operating disbursements:						
General government	560,432	-	-	-	757	561,189
Public safety	-	-	13,893,644	958,119	-	14,851,763
Health and welfare	-	390,869	-	-	-	390,869
Debt service:						
Principal	-	-	6,074	401,377	-	407,451
Interest and paying agent fees	-	-	-	17,979	-	17,979
Total operating disbursements	560,432	390,869	13,899,718	1,377,475	757	16,229,251
Transfers out	251,391	251,066	398,546	47,834	-	948,837
Total disbursements	811,823	641,935	14,298,264	1,425,309	757	17,178,088
Excess (deficiency) of total receipts over (under) total disbursements	278,216	13,501	(1,028,074)	436,259	37,628	(262,470)
Cash and investments - December 31	\$ 1,157,134	\$ 56,291	\$ 3,241,486	\$ 1,889,557	\$ 38,685	\$ 6,383,153

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended December 31, 2002

	Fire Pension Trust Fund
Cash and investments - January 1	\$ 559,906
Additions:	
Contributions:	
Employer	978,835
Investment earnings:	
Interest	12,478
Total additions	991,313
Deductions:	
Benefits	609,955
Excess of total additions over total deductions	381,358
Cash and investments - December 31	\$ 941,264

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended December 31, 2003

	<u>Fire Pension Trust Fund</u>
Cash and investments - January 1	\$ <u>941,264</u>
Additions:	
Contributions:	
Employer	<u>477,327</u>
Investment earnings:	
Interest	<u>7,627</u>
Total additions	<u>484,954</u>
Deductions:	
Benefits	<u>743,142</u>
Deficiency of total additions under total deductions	<u>(258,188)</u>
Cash and investments - December 31	<u><u>\$ 683,076</u></u>

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

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

	Fire Pension Trust Fund
Cash and investments - January 1	\$ 683,076
Additions:	
Contributions:	
Employer	581,153
Investment earnings:	
Interest	5,754
Total additions	586,907
Deductions:	
Benefits	801,736
Deficiency of total additions under total deductions	(214,829)
Cash and investments - December 31	\$ 468,247

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

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides the following services: public safety (fire), health and social services (township assistance), and general administrative services (dog control).

These financial statements present the Township (primary government). There are no significant component units which require inclusion.

Related Organizations

The Township's officials are also responsible for appointing the members of the boards of other organizations, but the Township's accountability for these organizations does not extend beyond making the appointments. The Township appoints the board members of the Washington Township Fire Department Contribution Fund, Inc.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements, (i.e., the Statement of Cash and Investments and the Statement of Cash Activities) report information on all of the nonfiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. However, there are no business-type activities to report at this time.

The Statement of Cash Activities demonstrates the degree to which direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the Township has not established any enterprise funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Receipts are recorded when received and disbursements are recorded when paid.

The cash basis of accounting differs from accounting principles generally accepted in the United States 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. Investment transactions are not presented on the financial statements.

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Township reports the following major governmental funds:

The general fund is the Township's primary operating fund and accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The firefighting fund accounts for receipts and disbursements for fire protection and emergency services.

The building or remodeling and fire equipment (cumulative fire) fund accounts for receipts and disbursements pertaining to land, buildings and equipment.

The township assistance fund accounts for receipts and disbursements pertaining to individuals and households qualifying for assistance.

Additionally, the Township reports the following fund types:

The pension trust funds account for the activities of the 1937 fire pension fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the Township as an agent for payroll related withholdings and court related funds, and serve as control of accounts for certain cash transactions during the time they are a liability to the Township.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

When both restricted and unrestricted resources are available for use, the Township's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity

1. Deposits and Investments

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.

Governmental and Fiduciary Funds

Investments are stated at cost. Any changes in the fair value of the investments are reported as interest receipts in the year of the sale of the investment.

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and in 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.

3. Compensated Absences

a. Sick Leave

Civilian employees earn sick leave at the rate of 12 days per year. Unused sick leave may be accumulated to a maximum of 25 days. Accumulated sick leave is not paid to civilian employees upon separation of employment.

Firefighters earn sick leave at the rate of 3 duty days per year. Unused sick leave does not accumulate.

b. Vacation Leave

Civilian employees earn vacation leave at rates from 1 to 4 weeks per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 15 days. Accumulated vacation leave is paid to civilian employees through cash payments upon separation of employment.

Firefighters earn vacation leave at the rate of 1 to 13 duty days per year based on the number of years of service. Unused vacation can accumulate to a maximum 120 hours to be paid upon retirement or separation from the Department.

c. Personal Leave

Civilian employees earn personal leave at the rate of one day per year. Unused personal leave does not accumulate.

Firefighters do not earn personal leave.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at calendar year end.

WASHINGTON TOWNSHIP, MARION COUNTY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

On or before August 31, the fiscal officer of the Township submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Township receives approval of the Indiana Department of Local Government Finance.

The Township's management cannot transfer budgeted appropriations without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the total appropriations for any budgeted fund or any department of the general fund. The legal level of budgetary control is by function for all budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

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.

B. Leases

1. Operating Leases

The Township has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for small claims court building rental and a postage scale. Annual rental expenditures for these leases were \$40,118 and \$1,681, respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2004:

2005	\$ 41,799
2006	41,799
2007	<u>140</u>
Total	<u>\$ 83,738</u>

2. Capital Leases

The Township has entered into various capital leases for aerial trucks, ambulance and a copier. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2004, for the years ended December 31, are as follows:

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2005		\$	317,630
2006			<u>419,127</u>
Total minimum lease payments			736,757
Less amount representing interest			<u>35,196</u>
Present value of net minimum lease payments		\$	<u><u>701,561</u></u>

C. Long-Term Liabilities

Changes in Long-Term Debt

Long-term debt activity for the years ended December 31, 2002, 2003, and 2004, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2002:					
Governmental activities:					
Capital leases	\$ <u> -</u>	\$ <u>975,585</u>	\$ <u>199,832</u>	\$ <u>775,753</u>	\$ <u>277,242</u>
2003:					
Governmental activities:					
Capital leases	\$ <u>775,753</u>	\$ <u> -</u>	\$ <u>277,242</u>	\$ <u>498,511</u>	\$ <u>196,151</u>
2004:					
Governmental activities:					
Capital leases	\$ <u>498,511</u>	\$ <u>610,500</u>	\$ <u>407,450</u>	\$ <u>701,561</u>	\$ <u>294,070</u>

IV. Other Information

A. Risk Management

The Township is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Medical Benefits

The Township has chosen to establish a risk financing fund for risks associated with medical benefits to employees and retired firefighters. The risk financing fund is accounted for in the General Fund where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages, and are reported as quasi-external inter-fund transactions.

B. Related Party Transactions

During the period in which financial statements are presented, the Township had material transactions with Lt. Harold Vinson (Vinson Enterprises), a firefighter with Washington Township Fire Department in relation to providing lawn care services in the amount of \$15,935.

C. Postemployment Benefits

In addition to the pension benefits described in Note IV.D., the Township provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to firefighters who retire from the Township Fire Department on or after attaining age 55 with at least 20 years of service. Currently, 16 retirees meet these eligibility requirements. The Township provides an annual contribution that is determined by formula based on a First Class Firefighter's gross wages in the year of retirement and continues until the age of 65 or becomes eligible for Medicare. The retiree's contribution is the difference between the Township's annual contribution and the actual annual premium for the health insurance. Disbursements for postemployment benefits cannot be reasonably estimated.

These funds are held in reserve to pay health insurance premiums of qualified retirees for a limited time, in accordance with various governmental regulations.

D. Pension Plans

1. Agent Multiple-Employer and Single Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the 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 Township 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 member's contributions, set by state statute at 3% 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. The 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

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Township's annual pension cost and related information, as provided by the actuary, is presented in this note.

b. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 7,308	\$ 2,012,600
Interest on net pension obligation	(2,157)	533,400
Adjustment to annual required contribution	<u>2,458</u>	<u>(889,900)</u>
Annual pension cost	7,609	1,656,100
Contributions made	<u>30,065</u>	<u>468,657</u>
Increase (decrease) in net pension obligation	(22,456)	1,187,443
Net pension obligation, beginning of year	<u>(29,753)</u>	<u>7,902,471</u>
Net pension obligation, end of year	<u>\$ (52,209)</u>	<u>\$ 9,089,914</u>

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1937 Firefighters' Pension
Contribution rates:		
Township	4.25%	348%
Plan members	3%	6%
Actuarial valuation date	07-01-04	01-01-04
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years
Amortization period (from date)	07-01-97	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%	7%
Projected future salary increases:		
Total	5%	5%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	1%
Cost-of-living adjustments	2%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-02	\$ 15,990	134%	\$ (26,934)
	06-30-03	22,835	112%	(29,753)
	06-30-04	7,609	395%	(52,209)
1937 Firefighters' Pension Plan	12-31-01	1,572,400	20%	7,105,280
	12-31-02	1,530,800	48%	7,902,471
	12-31-03	1,656,100	28%	9,089,914

Membership in the 1937 Firefighters' Pension Plan at January 1, 2004, was comprised of the following:

	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	30
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	7

WASHINGTON TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cost Sharing Multiple Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, 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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. 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 and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2004, 2003, and 2002, were \$1,900,767, \$1,666,845, and \$1,598,239, respectively, equal to the required contributions for each year.

WASHINGTON TOWNSHIP, MARION COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-02	\$ 525,091	\$ 438,245	\$ 86,846	120%	\$ 554,752	16%
07-01-03	529,623	264,786	264,837	200%	612,948	43%
07-01-04	539,762	357,878	181,884	151%	815,376	22%

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 1,049,365	\$ 14,545,400	\$ (13,496,035)	7%	\$ 753,500	(1,791%)
01-01-00	961,720	15,521,600	(14,559,880)	6%	693,500	(2,099%)
01-01-01	752,775	16,469,200	(15,716,425)	5%	582,000	(2,700%)
01-01-02	559,906	16,303,800	(15,743,894)	3%	547,000	(2,878%)
01-01-03	941,264	15,405,300	(14,464,036)	6%	797,100	(1,815%)
01-01-04	683,076	17,372,700	(16,689,624)	4%	579,000	(2,882%)

WASHINGTON TOWNSHIP, MARION COUNTY
AUDIT RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

Nine out of thirty-six Emergency Medical Service (EMS) monthly financial reports which included deposit slips with payment listings were not presented for audit. The Township pays an outside company (CIPROMS) to prepare, receive and post patient accounts receivable and payments. CIPROMS provides the Township with deposit slips, patient payment listings and monthly financial reports. The detail deposit payment listings could not be located by the Fire Department. CIPROMS only maintains these records for a six month period.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

TEMPORARY TRANSFER OF FUNDS

Temporary transfers from various funds totaling \$136,524 in 2002, \$409,663 in 2003, and \$244,926 in 2004 were made and repaid each year by year end. However, none of the temporary transfers were approved by the Township Board in the form of a resolution.

Indiana Code 36-1-8-4 concerning temporary transfers, states in part: "(a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision . . ."

DISBURSEMENT DOCUMENTATION

Thirty percent of the travel claims reviewed did not contain adequate supporting documentation such as receipts, and invoices. We also noted that there was not adequate supporting documentation for items such as reimbursements of meals, internet service, long distance, and cell phone charges.

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)

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 13)

WASHINGTON TOWNSHIP, MARION COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

We observed in the examination of payroll that one Township Assistance employee was paid \$919.87 for unused vacation time (vacation buyback). According to the Washington Township Civilian Employee Manual, employees are not entitled to pay in lieu of taking time off for vacation. Although the Township had a written employee's manual, the manual was not approved by the Township Board nor were these guidelines followed.

Indiana Code 12-20-4-11 states in part: "(d) Each township assistance chief deputy, investigator, supervisor, assistant, or other necessary employee may be granted paid vacation leave or sick leave under IC 5-10-6-1."

Indiana Code 5-10-6-1(b) states in part: "Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city, town, township, or controlling board of a municipally owned utility, board of directors or regents of a cemetery, or board of trustees of any library district."

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)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Information presented for audit did not include a complete inventory or record of capital assets. The Township did maintain a listing of the Fire Department's and the Township's assets; however, these lists were incomplete and materially incorrect in that several items were found that exceeded the capitalization threshold were not listed on the capital asset records. Additionally, one item noted on the list of capital assets was not an asset of the Township but, an item held through an operating lease. A similar comment appeared in prior Audit Report B20170.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PERSONAL EXPENSES

Nine checks were written to Gwendolyn Horth, Trustee, during 2002-2004 to pay for meal reimbursements submitted by Ms. Horth. The meals being reimbursed ranged from \$15.77 to \$195.24 and totaled \$1,119.29. All meal receipts were from restaurants in the Indianapolis area. No information was presented for audit to indicate that the meals were for Township meetings in accordance with Indiana Code 36-6-6-12.

WASHINGTON TOWNSHIP, MARION COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Six checks were written to Joseph Anderson, Fire Chief with the Township Fire Department, during 2002 to pay for meal reimbursements, one ticket to attend a speech, the reimbursement of flowers purchased for Administrative Assistant's Day, and an outing with the Trustee at Plum Creek Country Club. No information was presented for audit to indicate that the meals were for Township meetings in accordance with Indiana Code 36-6-6-12. The items being reimbursed ranged from \$18.64 to \$153.30 and totaled \$411.06. The meal receipts were from restaurants in the Indianapolis area. The meal reimbursements did not fall within the guidelines established in the firefighters written travel policy.

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)

Indiana Code 36-6-6-12(a) states in part: "The legislative body may appropriate money for membership of the township in county, state, or national associations that: (1) are of a civic, educational, or governmental nature; and (2) have as a purpose the improvement of township governmental operations."

Indiana Code 36-6-6-12(b) states: "Each representative of the township attending any meeting, conference, seminar, or convention approved by the township trustee shall be allowed reimbursement for all necessary and legitimate expenses incurred while representing the township. Expenses shall be paid to each representative in accordance with the township's reimbursement policy, which may include an established per diem rate, as recommended by the township trustee and adopted by the township legislative body."

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WASHINGTON TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2006, with Tammy Berry, former Administrative Assistant; and Denise Giddens, former Director of Community Outreach.

The contents of this report were discussed on January 26, 2006, with Howard Marer, Assistant Fire Chief; Joseph Anderson, Fire Chief; Robin Nicoson, Deputy Fire Chief; Jeff Owens, Firefighter; Sharon Dollar, Township Administrator; and Gwendolyn M. Horth, Trustee.