

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

EXAMINATION REPORT
OF
WASHINGTON TOWNSHIP
DEARBORN COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
03/05/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Clyde J. Randall	01-01-99 to 12-31-10
Chairman of the Township Board	C. Todd Bowers	01-01-04 to 12-31-04
	E. Gayle Campbell	01-01-05 to 12-31-05
	C. Todd Bowers	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Washington Township (Township), for the period of January 1, 2004 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, 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

January 22, 2007

WASHINGTON TOWNSHIP, DEARBORN COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 6,127	\$ 12,382	\$ 10,879	\$ 7,630
Dog	510	50	-	560
Township Assistance	10,698	1,139	1,270	10,567
Firefighting	37,909	25,002	12,500	50,411
Totals	<u>\$ 55,244</u>	<u>\$ 38,573</u>	<u>\$ 24,649</u>	<u>\$ 69,168</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 7,630	\$ 16,979	\$ 11,359	\$ 13,250
Dog	560	44	260	344
Township Assistance	10,567	2,973	790	12,750
Firefighting	50,411	29,606	12,500	67,517
Totals	<u>\$ 69,168</u>	<u>\$ 49,602</u>	<u>\$ 24,909</u>	<u>\$ 93,861</u>

The accompanying notes are an integral part of the schedules.

WASHINGTON TOWNSHIP, DEARBORN 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, 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.

WASHINGTON TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS

SALES TAX

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FIREFIGHTING CONTRACTS

A contractual agreement for firefighting services for the year 2004 between the City of Aurora, the Volunteer Fire Department and the Township was not presented for examination. A contract for firefighting service for the year 2005 was presented, but was not signed by the Township Officials, the City of Aurora Officials or the Volunteer Fire Department Officials.

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)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE STANDARDS

The Township did not establish standards for determining eligibility for receiving township assistance.

Indiana Code 12-20-5.5-1 states in part: "(a) The township trustee shall process all applications for the township assistance according to uniform written standards. . . . (b) The township's standards for the issuance of township assistance and the processing of applications must be: . . . (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners. . . ."

Indiana Code 12-20-5.5-2(a) states in part: "Standards for administration of township assistance must contain the following: (1) Criteria for determining township assistance eligibility. . . ."

Indiana Code 12-20-5.5-5 states: "The township's standards for the administration of township assistance must include all applicable standards governing the provisions of basic necessities, including maximum amounts, special conditions or other limitations on eligibility, if any have been established for one (1) or more basic necessities."

CEMETERY CONTRACTS

Records presented for examination indicate payments were made for care of cemeteries to Betty Murray in 2004 and Dennis Murray in 2004 and 2005. However, no written contract was presented for examination.

WASHINGTON TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE

We found the following deficiencies regarding the processing of township assistance:

- (1) Four payments for township assistances were made without an Application for Township Assistance (Form TA-1) being prepared. The Applications for Township Assistance (Form TA-1) examined did not contain all of the required information.

Indiana Code 12-20-6-8(c) states in part: "An application for township assistance is not considered complete until all adult members of the requesting household have signed: (1) the township assistance application; and (2) any other form, instrument, or document: (A) required by law; or (B) determined necessary for investigative purposes by the trustee, as contained in the township assistance guidelines."

- (2) None of the Applications for Township Assistance (Form TA-1) which were examined had documentation of investigations of the applicant to determine if the applicants were qualified to receive township assistance.

Indiana Code 12-20-6-9 states in part: "If an application for township assistance is made to the township trustee . . . the township trustee . . . shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

- (3) No supporting documentation was presented for examination for several payments of township assistance, which included utility payments and payments for medical aid.

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)

Township Assistance Purchase Order (Form TA-2) must be issued for each and every township assistance order for medical aid. The form is to be made out in triplicate. The original is given the indigent to take to the doctor. The doctor must itemize fully on the reverse side the exact services rendered or items supplied, and must obtain the signature of the relief client. When more than one service is rendered on the same purchase order, a separate report blank (Form TA-4) must be submitted for each service showing necessary signatures. The original purchase order, signed by the recipient, must accompany the doctor's or vendor's claim when filed with the trustee for payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

- (4) We found one disbursement paid from the Township Assistance Fund that was not for township assistance.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WASHINGTON TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted regarding directives of the Internal Revenue Service:

1. No Internal Revenue Service Form W-2s were presented for examination showing that compensation paid to Township Officials and employees were reported.
2. No payroll withholding taxes were withheld from compensation paid to Township Officials and employees.
3. No Internal Revenue Service Form W-4s were presented for examination.
4. Amounts paid to the Trustee as rent were not reported for the Trustee on Internal Revenue Service Form 1099.

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 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 employees. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The Township Form 17, Resolution Recommending Salaries of Township Officers and Employees, was not in use.

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)

CERTIFIED REPORT NOT FILED

The Township did not file a Form 100-R, Certified Report of Names, Address, Duties and Compensation of Public Employees, with the State Board of Accounts for the years 2004 and 2005.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

DEPOSIT OF PUBLIC FUNDS

We tested deposits of local tax distributions made in the years 2004 and 2005. There were instances where distributions were being held up to two months before deposited in the designated depository.

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. . . ."

WASHINGTON TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2007, with Clyde J. Randall, Trustee.