

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

EXAMINATION REPORT  
OF  
WASHINGTON TOWNSHIP  
MARION COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**

11/26/2007



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information.....	5-6
Supplementary Information: Schedule of Long-Term Debt.....	7
Examination Results and Comments:	
Board Minutes.....	8
Donations.....	8
Contracts .....	8
Credit Cards.....	8-9
Public Records Retention .....	9-10
Disbursement Documentation .....	10
Capital Asset Records .....	10
Personal Loans.....	10-11
Bank Account Reconciliations .....	11
Exit Conference.....	12
Official Response:	
Gwendolyn M. Horth .....	13
Frank T. Short.....	14

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gwendolyn M. Horth, CPA Frank T. Short	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Edward I. O' Rea Alice Jenkins Joseph E. Simpson Raymond A. Baker	01-01-05 to 12-31-05 01-01-06 to 06-30-06 07-01-06 to 12-31-06 01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Washington Township (Township), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, 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

October 23, 2007

WASHINGTON TOWNSHIP, MARION 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 693,379	\$ 381,069	\$ 620,663	\$ 453,785
Dog	1,040	793	739	1,094
Township Assistance	56,291	520,284	489,966	86,609
Firefighting	3,241,486	13,570,586	14,082,090	2,729,982
Levy Excess	463,755	3,650	460,501	6,904
Cumulative Fire	1,889,557	1,231,611	929,713	2,191,455
Rainy Day	37,645	-	-	37,645
Fiduciary Funds:				
Payroll Withholdings	-	2,739,029	2,739,029	-
Fire Pension	468,247	1,036,087	827,725	676,609
Small Claims Court	-	909,113	907,752	1,361
Totals	<u>\$ 6,851,400</u>	<u>\$ 20,392,222</u>	<u>\$ 21,058,178</u>	<u>\$ 6,185,444</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 453,785	\$ 287,757	\$ 645,056	\$ 96,486
Dog	1,094	756	794	1,056
Township Assistance	86,609	575,460	618,641	43,428
Firefighting	2,729,982	16,919,882	18,672,684	977,180
Levy Excess	6,904	334	-	7,238
Cumulative Fire	2,191,455	1,841,510	1,421,265	2,611,700
Rainy Day	37,645	-	-	37,645
Fiduciary Funds:				
Payroll Withholdings	-	3,158,582	3,158,582	-
Fire Pension	676,609	812,306	900,631	588,284
Small Claims Court	1,361	872,954	873,809	506
Totals	<u>\$ 6,185,444</u>	<u>\$ 24,469,541</u>	<u>\$ 26,291,462</u>	<u>\$ 4,363,523</u>

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

WASHINGTON TOWNSHIP, MARION 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. 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.

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

Note 6. Pension Plan

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 this 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 members' 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. 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 Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

WASHINGTON TOWNSHIP, MARION COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable - Fire Equipment	\$ 194,944	\$ 97,472

WASHINGTON TOWNSHIP, MARION COUNTY  
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

DONATIONS

The Township donated public funds in the amount of \$1,000 to the Jordan YMCA and \$600 to the Jewish Community Center. Additionally, computer equipment was donated to Bethesda Temple Church; and two ambulances were donated to St. Vincent Hospital. The two ambulances were valued at \$2,500 each.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Payments were made to the former Township Administrator for accounting services performed during October, November, and December 2006, during which time she was no longer an employee of the Township. The former Township Administrator billed the Township 87½ hours of time at \$75 per hour for a total of \$6,562.50. No contract detailing the terms of the agreement for the services was provided for examination.

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)

CREDIT CARDS

The Township was using credit cards in some instances to purchase items without an approved credit card policy. A late payment was noted and finance charges were assessed and paid.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.

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

- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(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)

#### PUBLIC RECORDS RETENTION

Cancelled checks or optically imaged checks were not presented for examination for January through July of 2006 and for November and December of 2006. Optically imaged checks for two of three bank accounts were not provided for October 2006. Invoices, bills, and receipts were not presented for most disbursements made in December 2006. Additionally, 17% of disbursement transactions selected from the period January 2005 through November 2006 did not have documentation presented for examination.

Receipts issued during the examination period were not presented for examination. Additionally, the deposit tickets for some deposits made during the examination period were not presented.

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

The bank statements for several months were not presented for examination.

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)

DISBURSEMENT DOCUMENTATION

Reimbursements were made to the Township Trustee and the Small Claims Court Judge for meals, seminars, and judicial licensing fees without adequate supporting documentation, such as, receipts, bills, and invoices. Payments were made from copies of checks written; and, in one instance, no supporting documentation of any kind was found.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

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)

CAPITAL ASSET RECORDS

Information presented for examination did not include a complete inventory or record of capital assets. The Township did maintain a listing of the fire department and the Township assets; however, the inventories were incomplete and materially incorrect. There was no information presented for 2005 and 2006 even though additions and disposals of a material nature occurred during that time period. A similar comment appeared in prior Reports B20170 and B29200.

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 Assets 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 LOANS

Personal loans were made to two Township assistance employees during 2006. One loan was for \$1,200 and the other was for \$300. Both loans were reimbursed to the Township by December 31 of the same year.

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

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliation of the fund balances to the bank account balances at December 31, 2006, was not presented for examination.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

WASHINGTON TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2007, with Gwendolyn M. Horth, former Trustee. An official response has been made a part of this report and may be found on page 13.

The contents of this report were discussed on October 23, 2007, with Frank T. Short, Trustee. An official response has been made a part of this report and may be found on page 14.

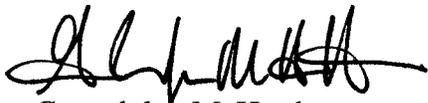
November 1, 2007

State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, IN 46204-2765

Dear Sir/Madam:

I would like reflected in the official comments on December 31, 2006 when I left the office of township trustee the minutes, the public records (cancelled checks, invoices, bills and receipts) were in the specific filing cabinets of the township administrator's office. As of January 1, 2007 I did not have access to the building or the records. Also, since I completed my term of office on December 31<sup>st</sup> it was not my responsibility or my ability to do the final bank reconciliation for December 2006.

Sincerely,



Gwendolyn M. Horth  
Former Washington Township Trustee

OFFICE OF THE TRUSTEE

FRANK T. SHORT

WASHINGTON TOWNSHIP  
MARION COUNTY

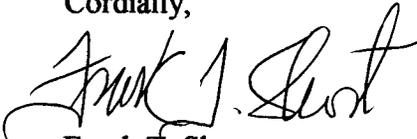
October 23, 2007

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

**Re: Official Response to the Audit Period Ending 12/31/06**

This is in response to the audit findings for the audit. A new administration took over effective January 1, 2007. We are complying with the State Board of Accounts guidelines and the next audit will be in compliance to the best of our knowledge.

Cordially,



Frank T. Short  
Trustee

- 14 -

1595 EAST 86TH STREET • INDIANAPOLIS, INDIANA 46240  
PHONE 317.252.5230 • FAX 317.252.5221 • E-MAIL FRANK@WASHTWP.ORG

- NOT PRINTED AT TAXPAYERS EXPENSE -