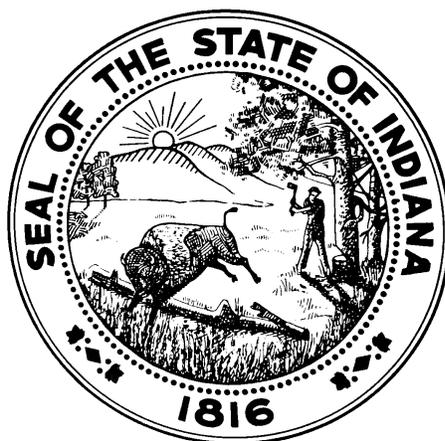


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

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



FILED
01/22/2008

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OFFICIALS

Office

Official

Term

Trustee

Crystal Hadlock
Judy White

01-01-03 to 12-31-06
01-01-07 to 12-31-10

Chairman of the
Township Board

Marvin L. Flint

01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT ACCOUNTANT'S REPORT

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

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

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

STATE BOARD OF ACCOUNTS

December 10, 2007

WASHINGTON TOWNSHIP, PIKE COUNTY
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 28,853	\$ 50,758	\$ 31,193	\$ 48,418
Dog	549	192	471	270
Township Assistance	139,156	23,589	40,112	122,633
Firefighting	48,090	40,489	32,859	55,720
Totals	<u>\$ 216,648</u>	<u>\$ 115,028</u>	<u>\$ 104,635</u>	<u>\$ 227,041</u>

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

WASHINGTON TOWNSHIP, PIKE 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

Normally 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 may 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.

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

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. 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
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

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>2,715</u>
Total governmental activities, capital assets not being depreciated	\$ <u><u>2,715</u></u>

WASHINGTON TOWNSHIP, PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS

ADVISORY BOARD MINUTES

Minutes of meetings of the governing body were incomplete. Minutes did not reflect the date, time and place of the meeting, and the presence or absence of members of the governing body. Minutes of September 4, 2007, did not reflect a salary being set for the Clerk and the minutes did not appear to be complete. Minutes did not reflect that the board of finance was organized.

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 Indiana Code 5-1.5-2-2.5."

Indiana Code 5-13-7-6(a) states in part: "Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . . Elect, from the board's membership . . . a president; and a secretary. . . The officers elected hold office until the officers' successors are elected and qualified."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Record balances were not reconciled to depository balances.

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."

2. There were a considerable number of posting errors. These errors included checks and receipts properly recorded in the all funds column were not recorded in the proper amounts to the individual funds. Interest was not always posted to the fund and payroll withholding remittances were not posted to the M section of the Financial and Appropriation Ledger. Transactions of the individual funds were not properly footed.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

3. The following prescribed forms were not in use or were not properly completed:

Township Form 1, Financial and Appropriation Record, was maintained in pencil and the approved appropriations were not posted.

Township Form 15, Annual Report, was incomplete and not reflective of the activity of the various funds.

The Financial and Appropriation Record and the Annual Financial Report, presented for examination, were incomplete and not reflective of the activity of the various funds, did not provide sufficient information to audit disbursements and ending balances. Part 3B of the Annual Financial Report did not reflect the proper information. The disbursements were not reported in the gross amount by vendor.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

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)

Indiana Code 5-13-7-6(a) states in part: "Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . . Elect, from the board's membership . . . a president; and a secretary. . . The officers elected hold office until the officers' successors are elected and qualified."

COMPENSATION AND BENEFITS

Township Board members each received \$757 in payments for the year 2006 which were not included in the payroll system.

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)

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, Page 13)

WASHINGTON TOWNSHIP, PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2007, with Judy White, Trustee. The official concurred with our findings.