

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

EXAMINATION REPORT  
OF  
WASHINGTON TOWNSHIP  
MARION COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
02/24/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Frank T. Short	01-01-07 to 12-31-10
Chairman of the Township Board	Raymond A. Baker Joseph Simpson	01-01-07 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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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, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 4, 2010

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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 96,486	\$ 3,312,023	\$ 2,034,002	\$ 1,374,507
Dog	1,056	556	1,612	-
Township Assistance	43,428	712,676	620,073	136,031
Firefighting	977,180	387,690	1,364,870	-
Rainy Day	37,645	3,501,613	-	3,539,258
Levy Excess	7,238	-	-	7,238
Cumulative Fire	2,611,700	55,945	2,667,645	-
Fiduciary Funds:				
Payroll Withholdings	-	74,410	74,097	313
Fire Pension	588,284	584,316	1,172,600	-
Small Claims Court	506	938,596	939,096	6
Totals	<u>\$ 4,363,523</u>	<u>\$ 9,567,825</u>	<u>\$ 8,873,995</u>	<u>\$ 5,057,353</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 1,374,507	\$ 1,611,237	\$ 1,325,225	\$ 1,660,519
Township Assistance	136,031	673,763	596,000	213,794
Rainy Day	3,539,258	-	-	3,539,258
Levy Excess	7,238	-	7,238	-
Fiduciary Funds:				
Payroll Withholdings	313	118,450	118,168	595
Small Claims Court	6	1,137,533	1,062,090	75,449
Totals	<u>\$ 5,057,353</u>	<u>\$ 3,540,983</u>	<u>\$ 3,108,721</u>	<u>\$ 5,489,615</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).

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, MARION 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, MARION COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder for employees and officials for 2007, 2008, and 2009: Frank T. Short, Trustee.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

PETTY CASH FUND

The Petty Cash Fund at the Township Assistance office agreed to the ledger kept by the custodian. The ledger was a running total of all activity of the Petty Cash Fund. The balance per the ledger was not the balance established for the fund.

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)

DISBURSEMENT DOCUMENTATION

Disbursements were observed which did not contain adequate supporting documentation such as original receipts, bills, and invoices.

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)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2007	\$ 644,118
Fire Fighting Fund	2007	571,264
General Fund	2008	272,219

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

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

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. The Annual Report did not always tie to the ledger because the inability of the software program to run detail reports after the close of the year. A second software program is used to run the detail reports and these two software programs did not always agree.

There were a considerable number of posting errors. These errors included deposits not recorded, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

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)

PUBLIC RECORDS RETENTION

The Township did not have detailed ledgers on the premises. The records were kept at the Township's financial service.

IC 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)

CAPITAL ASSET RECORDS

Information presented for examination did not include an inventory or record of capital assets using Form 369. A similar comment appeared in the prior three reports.

Every governmental unit should have a complete inventory of all fixed assets owned which reflects 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)

WASHINGTON TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 4, 2010, with Frank T. Short, Trustee; Lori McQueary, Chief of Staff; and Beth Reynolds, Bookkeeping Plus. The official response has been made a part of this report and may be found on pages 10 and 11.

FRANK T. SHORT, TRUSTEE

# OFFICE OF THE WASHINGTON TOWNSHIP TRUSTEE

MARION COUNTY, INDIANAPOLIS, INDIANA

January 8, 2009

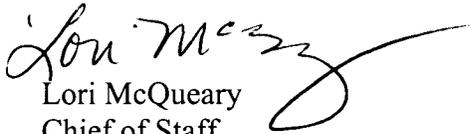
State Board of Accounts  
302 West Washington Street  
Room E418  
Indianapolis, IN 46204

Re: Response from Washington Township Trustee Office, Marion County, IN

Ladies and Gentlemen:

Please find enclosed our response to your audit findings from the Washington Township Trustee Office, Marion County, Indiana.

Sincerely,



Lori McQueary  
Chief of Staff

Washington Township Trustee Office  
5302 N. Keystone Avenue, Ste E  
Indianapolis, IN 46220  
317-327-8900 – direct  
317-327-8909 - fax

# OFFICE OF THE WASHINGTON TOWNSHIP TRUSTEE

MARION COUNTY, INDIANAPOLIS, INDIANA

This is in response to the State Board of Accounts exit interview and the findings from our bi-annual audit. We appreciate and welcome any assistance to make the township better and more accountable to the public. We wanted to explain and give our action plan on the few comments that we did receive.

- 1) Official bond -- the bond was purchased, but was not recorded. This is now being done and will not happen in the future.
- 2) Petty Cash Fund -- Although the petty cash agreed, there was not a separate fund set up. This is a mute point because it is being dissolved. During this audit period, we were operating out of three locations and there was a need for petty cash. That is no longer necessary so it is being dissolved.
- 3) Disbursement Documentation -- It was determined during the exit interview that two invoices caused this comment. Although it was immaterial, the township does not take it lightly and will review checks more closely to ensure the checks have no errors.
- 4) Appropriations -- This administration was working with a budget prepared and approved by a previous administration. Provisions were not set up for paying the Fire Fund disbursements that arose the year after the closure. We were the first township to merge with IFD and many items were unknown which made it difficult to estimate. Also, in 2008, the budget approval dates were changed by DLGF due to the property tax issue and the township had already advertised when the dates were changed. We were unaware we needed to advertise again which resulted in this comment. We had board approval on the additional appropriations, but DLGF needed the formal paperwork. This was done properly in 2009 so it will not result in a comment again.
- 5) Conditions of Records -- There was an issue with the software program and when the backup was restored, we were not able to print off reports in details. Only totals were available. The reports are being printed monthly and not at the end of the year so this will be a non-issue in the future.
- 6) Public Records Retention -- Because the township was in three different locations, some of the accounting records were offsite. Now that the offices are consolidated, the records are only being maintained at the Township office for easy access. This should be a non-issue in the future as well.
- 7) Capital Asset Records -- The majority of our assets are not owned by they township so a record was not maintained. It was pointed out that two buildings are still owned by the township. This will be maintained on Form 369 in the future.