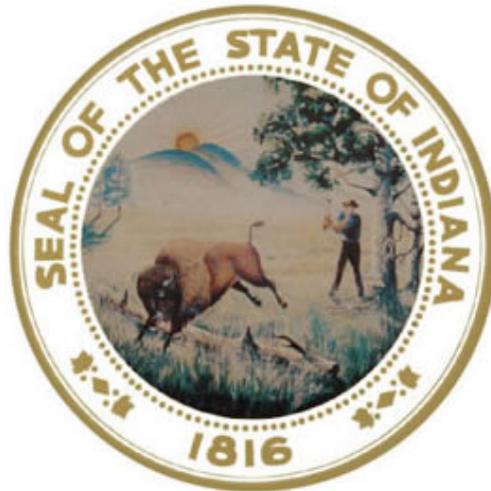


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
WASHINGTON TOWNSHIP
KNOX COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/05/2010

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OFFICIALS

Office

Official

Term

Trustee

Brian A. Stephens

01-01-07 to 12-31-10

Chairman of the
Township Board

Robert M. Hill
Lorris J. Bailey

01-01-07 to 12-31-08
01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Washington Township (Township), for the period of January 1, 2007 to December 31, 2009. 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, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 14, 2010

WASHINGTON TOWNSHIP, KNOX 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, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 85,627	\$ 34,752	\$ 24,407	\$ 95,972
Dog	466	-	-	466
Township Assistance	84,742	16,803	18,503	83,042
Firefighting	41,880	105,985	144,984	2,881
Levy Excess	-	4,384	-	4,384
Fiduciary Fund:				
Payroll Withholdings	1,144	3,155	3,376	923
Totals	<u>\$ 213,859</u>	<u>\$ 165,079</u>	<u>\$ 191,270</u>	<u>\$ 187,668</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 95,972	\$ 22,478	\$ 24,375	\$ 94,075
Dog	466	-	466	-
Township Assistance	83,042	7,631	17,104	73,569
Firefighting	2,881	69,594	69,594	2,881
Levy Excess	4,384	-	-	4,384
Fiduciary Fund:				
Payroll Withholdings	923	3,236	3,281	878
Totals	<u>\$ 187,668</u>	<u>\$ 102,939</u>	<u>\$ 114,820</u>	<u>\$ 175,787</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 94,075	\$ 51,053	\$ 25,134	\$ 119,994
Township Assistance	73,569	23,670	21,847	75,392
Firefighting	2,881	134,016	134,016	2,881
Levy Excess	4,384	-	-	4,384
Fiduciary Fund:				
Payroll Withholdings	878	4,147	3,937	1,088
Totals	<u>\$ 175,787</u>	<u>\$ 212,886</u>	<u>\$ 184,934</u>	<u>\$ 203,739</u>

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

WASHINGTON TOWNSHIP, KNOX 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

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, KNOX COUNTY
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money 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)

A similar comment appeared in prior reports.

ANNUAL REPORT FILING

An Annual Report was not presented for examination for years 2007, 2008, or 2009.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

- (1) Record balances were not reconciled to depository balances.

IC 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, KNOX 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)

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, and interest not 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)

A similar comment appeared in prior reports.

CONTRACTS

Records presented for examination indicates payments were made for Cemetery Care in 2007, 2008, and 2009 without a contract.

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)

WASHINGTON TOWNSHIP, KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Brian A. Stephens, Trustee. The official concurred with our findings.