

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

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



FILED
10/18/2006

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OFFICIALS

Office

Official

Term

Trustee

David A. Pickett

01-01-03 to 12-31-06

Chairman of the
Township Board

Richard Speicher
Roger Bragg

01-01-04 to 12-31-05
01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Washington Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions 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

September 13, 2006

WASHINGTON TOWNSHIP, GRANT 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:				
General	\$ 29,313	\$ 10,476	\$ 24,231	\$ 15,558
Dog	-	1,083	875	208
Township Assistance	6,064	28,735	15,037	19,762
Firefighting	48,681	70,523	47,000	72,204
Totals	<u>\$ 84,058</u>	<u>\$ 110,817</u>	<u>\$ 87,143</u>	<u>\$ 107,732</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 15,558	\$ 20,432	\$ 26,611	\$ 9,379
Dog	208	111	-	319
Township Assistance	19,762	38,748	17,190	41,320
Firefighting	72,204	88,492	48,000	112,696
Totals	<u>\$ 107,732</u>	<u>\$ 147,783</u>	<u>\$ 91,801</u>	<u>\$ 163,714</u>

The accompanying notes are an integral part of the schedules.

WASHINGTON TOWNSHIP, GRANT COUNTY
NOTES TO SCHEDULES

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, GRANT COUNTY
NOTES TO SCHEDULES
(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, GRANT COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect for 2004 and were not presented for audit for 2005. A similar comment appeared in prior Audit Report B23595.

Indiana Code 5-13-6-1(e) states in part: "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."

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)

DEPOSIT OF PUBLIC FUNDS

We noted numerous instances where tax distributions were not deposited timely, e.g., a tax distribution that was issued June 25, 2004, was not deposited until January 11, 2005. A similar comment appeared in prior Audit Report B23595.

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Wages reported in 2004 and 2005 on quarterly Forms 941 did not agree with the wages reported on Forms W-3 and W-2. Wages and Social Security tax withholdings in 2004 and 2005 were underreported on Forms W-3 and W-2 for the Township Clerk. A similar comment appeared in prior Audit Report B23595.

The Township did not issue Form 1099 to the Trustee for office rent received and to an individual for cemetery care in 2004 and 2005. A similar comment appeared in prior Audit Report B23595.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

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 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)

CEMETERY CONTRACTS

Payments were made for cemetery care in 2004 for \$5,850 and in 2005 for \$7,950 without a contract or supporting documentation. A similar comment appeared in prior Audit Report B23595.

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)

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)

WASHINGTON TOWNSHIP, GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2006, with David A. Pickett, Trustee.
The official concurred with our findings.