

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

EXAMINATION REPORT
OF
WASHINGTON TOWNSHIP
CARROLL COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/23/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lois Wallace	01-01-07 to 12-31-10
Chairman of the Township Board	William Hardy	01-01-08 to 12-31-08
	Joseph Mylet	01-01-09 to 12-31-09
	William Hardy	01-01-10 to 12-31-10



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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Washington Township (Township), for the period of January 1, 2008 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, 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 7, 2010

WASHINGTON TOWNSHIP, CARROLL 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 16,452	\$ 5,692	\$ 10,230	\$ 11,914
Dog	296	-	-	296
Township Assistance	10,723	4,715	1,316	14,122
Firefighting	11,467	11,967	7,500	15,934
Cumulative Fire	-	86	-	86
Fiduciary Fund:				
Payroll Withholdings	1,490	520	483	1,527
Totals	<u>\$ 40,428</u>	<u>\$ 22,980</u>	<u>\$ 19,529</u>	<u>\$ 43,879</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 11,914	\$ 6,117	\$ 12,883	\$ 5,148
Dog	296	-	-	296
Township Assistance	14,122	2,596	766	15,952
Firefighting	15,934	8,712	8,700	15,946
Cumulative Fire	86	13,483	-	13,569
Rainy Day	-	124	-	124
Fiduciary Fund:				
Payroll Withholdings	1,527	551	3,291	(1,213)
Totals	<u>\$ 43,879</u>	<u>\$ 31,583</u>	<u>\$ 25,640</u>	<u>\$ 49,822</u>

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

WASHINGTON TOWNSHIP, CARROLL 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.

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, CARROLL COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. The total receipts, disbursements, and balances of the ledger are not in agreement with the individual fund detail. The individual fund detail does not reconcile to the bank, however, the control totals do reconcile to the bank balances. The Trustee does not account for the Dog Fund or the Rainy Fund in the ledger or on the annual report, but receipts for the Rainy Day Fund are included in the detail of the ledger. The Township fund disbursements are not posted properly in the ledger and do not add correctly.

- (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."

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, 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)

- (3) Some transactions were recorded as "negative" receipts and disbursements.

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)

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)

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

ADVANCE PAYMENTS

Dates of transactions indicate that some payments for payroll were made to the Trustee prior to the receipt of goods or services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERPAYMENT COLLECTIONS

Overpayments of \$1,495.27 were made to the Internal Revenue Service (IRS) in 2009 for payroll withholdings. During 2009, the Trustee met with an individual from the IRS in order to get caught up with unpaid IRS Form 941's from 2004-2008. Subsequently, the Trustee paid the amount due for the 2nd quarter of 2006 twice as well as paying the amount due the four quarters of 2008 and a yearly amount for 2008. Refunds have not been received as of April 7, 2010. Documentation was presented for examination that penalties and interest charged from the unpaid 941's was not paid from Township funds but was paid personally by the Trustee.

Governmental units should collect any overpayments made. (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)

WASHINGTON TOWNSHIP, CARROLL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2010, with Lois Wallace, Trustee. The official concurred with our findings.