B39569

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

EXAMINATION REPORT

OF

WASHINGTON TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2009 to December 31, 2010

FILED

10/17/2011

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OFFICIALS

Office	Official	Term
Trustee	Frank T. Short	01-01-07 to 12-31-14
Chairman of the Township Board	Joseph Simpson	01-01-09 to 12-31-11

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Washington Township (Township), for the period of January 1, 2009 to December 31, 2010. The Township's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Township's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, Township Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 24, 2011

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Township. The financial statements and notes are presented as intended by the Township.

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Township	$ 1,660,519	$ 826,350	$ 1,205,550	$ 1,281,319
Township Assistance	213,794	1,057,273	906,124	364,943
Rainy Day	3,539,258	-	-	3,539,258
Payroll Deduction	595	111,899	109,108	3,386
Small Claims Court	67,153	1,153,643	1,154,884	65,912
Totals	$ 5,481,319	$ 3,149,165	$ 3,375,666	$ 5,254,818

The notes to the financial statements are an integral part of this statement.

WASHINGTON TOWNSHIP, MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	$ 1,281,319	$ 1,324,665	$ 1,158,180	$ 1,447,804
Township Assistance	364,943	1,009,803	804,878	569,868
Rainy Day	3,539,258	-	-	3,539,258
Payroll Deduction	3,386	129,623	133,009	-
Small Claims Court	65,912	1,724,864	1,632,255	158,521
Totals	$ 5,254,818	$ 4,188,955	$ 3,728,322	$ 5,715,451

The notes to the financial statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), and general administrative services.

The accompanying financial statements present the financial information for the Township (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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.

Note 7. Restatement – Small Claims Court

The Small Claims Court January 1, 2009 balance of $67,153 was restated from the previously reported December 31, 2008, balance of $75,449. The restatement was needed due to an error in the reporting of the prior small claims court ending balance, due to a change in financial systems and reporting.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Report of the Township which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Township. It is presented as intended by the Township.

WASHINGTON TOWNSHIP, MARION COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2009

	Township	Township Assistance	Rainy Day	Payroll Deduction	Small Claims Court	Totals
Cash and investments - beginning	$ 1,660,519	$ 213,794	$ 3,539,258	$ 595	$ 67,153	$ 5,481,319
Receipts:						
Taxes	213,082	991,370	-	-	-	1,204,452
Charges for services	20,610	51,084	-	-	556,935	628,629
Fines and forfeits	372,022	-	-	-	-	372,022
Other receipts	220,636	14,819	-	111,899	596,708	944,062
Total receipts	826,350	1,057,273	-	111,899	1,153,643	3,149,165
Disbursements:						
Personal services	663,006	303,178	-	109,108	-	1,075,292
Supplies	25,232	6,601	-	-	-	31,833
Other services and charges	413,681	197,397	-	-	543,824	1,154,902
Capital outlay	89,266	4,786	-	-	-	94,052
Other disbursements	14,365	394,162	-	-	611,060	1,019,587
Total disbursements	1,205,550	906,124	-	109,108	1,154,884	3,375,666
Excess (deficiency) of receipts over disbursements	(379,200)	151,149	-	2,791	(1,241)	(226,501)
Cash and investments - ending	$ 1,281,319	$ 364,943	$ 3,539,258	$ 3,386	$ 65,912	$ 5,254,818

WASHINGTON TOWNSHIP, MARION COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	Township	Township Assistance	Rainy Day	Payroll Deduction	Small Claims Court	Totals
Cash and investments - beginning	$ 1,281,319	$ 364,943	$ 3,539,258	$ 3,386	$ 65,912	$ 5,254,818
Receipts:						
Taxes	672,193	933,103	-	-	-	1,605,296
Charges for services	19,273	4,881	-	-	647,504	671,658
Fines and forfeits	451,234	-	-	-	-	451,234
Other receipts	181,965	71,819	-	129,623	1,077,360	1,460,767
Total receipts	1,324,665	1,009,803	-	129,623	1,724,864	4,188,955
Disbursements:						
Personal services	741,432	326,015	-	133,009	-	1,200,456
Supplies	24,411	6,828	-	-	-	31,239
Other services and charges	392,002	177,872	-	-	574,028	1,143,902
Capital outlay	335	-	-	-	-	335
Other disbursements	-	294,163	-	-	1,058,227	1,352,390
Total disbursements	1,158,180	804,878	-	133,009	1,632,255	3,728,322
Excess (deficiency) of receipts over disbursements	166,485	204,925	-	(3,386)	92,609	460,633
Cash and investments - ending	$ 1,447,804	$ 569,868	$ 3,539,258	$ -	$ 158,521	$ 5,715,451

WASHINGTON TOWNSHIP, MARION COUNTY
OTHER REPORT

The report presented herein was prepared in addition to another official report prepared for the individual Township office listed below:

Marion County Small Claims Court, Washington Township Division

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369. A similar comment appeared in prior reports, most recently Report B35836.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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)

OFFICIAL BOND

The Trustee's official bond for years 2007 through 2010 was not filed in the Office of the County Recorder as of December 31, 2010. A similar comment appeared in prior report B35836.

Indiana Code 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 . . ."

CONSTABLE COMPENSATION

The Constable tracks the Court payments received by him on a worksheet. The Constable provides his worksheet to the Trustee for posting to the payroll system from which W-2 forms are generated. The Constable received $92 in payments for the year 2009 from the Court which were not included on his worksheet. This resulted in his 2009 W-2 being understated by $92.

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)

WASHINGTON TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2011, with Frank T. Short, Trustee; Joseph Simpson, Chairman of the Township Board, and Beth Reynolds, Bookkeeping Plus. The official response has been made a part of this report and may be found on page 19.

FRANK T. SHORT, TRUSTEE

OFFICE OF THE WASHINGTON TOWNSHIP TRUSTEE

MARION COUNTY, INDIANAPOLIS, INDIANA

August 31, 2011

Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204-2765

RE: Washington Township Examination Comments by State Board of Accounts

The following are comments on the recent examination completed for the years 2009 and 2010.

Capital Asset Records – The Township owns two buildings. The record of these buildings will be listed on Form 369 for future audits.

Official Bond – The Trustee's bond has been filed with the Office of the County Recorder.

Constable Compensation – Per recommendation of the State Board of Accounts Auditor, we will handle the posting of the Constable activity to a home rule Fund to avoid any timing issues in the future.

If you have any questions, please feel free to contact me at my office.

Cordially,

Frank T. Short
Trustee

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