

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

WASHINGTON TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/04/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Payables and Receivables	18
Schedule of Leases and Debt	19
Schedule of Capital Assets.....	20
Other Report	21
Examination Results and Comments:	
Overdrawn Fund Balances	22
Appropriations.....	22
Credit Cards.....	22-23
Exit Conference.....	24
Official Response	25-26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ronnie D. Austin Greg Hurst (Interim) Donald Hodson, Jr.	01-01-07 to 12-27-10 12-28-10 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Susan Webb Douglas Elmore	01-01-10 to 12-31-10 01-01-11 to 12-31-12



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, HENDRICKS COUNTY, INDIANA

We have examined the financial statements of Washington Township (Township), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 others within the entity, 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

July 9, 2012

(This page intentionally left blank.)

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 112,677	\$ 685,479	\$ 593,237	\$ 204,919
Township Assistance	90	169,991	168,775	1,306
Fire Fighting	442,415	8,322,423	8,225,467	539,371
Cumulative Fire	210,458	178,218	71,811	316,865
Park And Recreation	49,571	690,253	737,659	2,165
Fire Debt	-	420,299	591,193	(170,894)
Levy Excess	-	14,907	-	14,907
Rainy Day	204,026	123,971	74,498	253,499
Hazardous Materials	24,695	4,801	13,552	15,944
General Obligation Bond Fund	4,161,240	175,713	4,108,384	228,569
Emergency Loan Debt Fund	-	4,431,240	4,431,240	-
Park District Debt Fund	-	694,182	729,967	(35,785)
Federal Grant Fund	10,490	7,611	18,101	-
Payroll Deduction Fund	44,279	1,338,661	1,318,704	64,236
Totals	<u>\$ 5,259,941</u>	<u>\$ 17,257,749</u>	<u>\$ 21,082,588</u>	<u>\$ 1,435,102</u>

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

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 204,919	\$ 412,694	\$ 482,424	\$ 135,189
Township Assistance	1,306	185,036	164,981	21,361
Fire Fighting	539,371	7,885,343	8,057,210	367,504
Cumulative Fire	316,865	159,657	8,436	468,086
Park And Recreation	2,165	677,158	585,813	93,510
Fire Debt	(170,894)	788,000	717,781	(100,675)
Levy Excess	14,907	-	14,907	-
Rainy Day	253,499	620	95,364	158,755
Hazardous Materials	15,944	11,216	7,900	19,260
General Obligation Bond Fund	228,569	2,537	231,106	-
Emergency Loan Debt Fund	-	2,378,486	3,074,623	(696,137)
Park District Debt Fund	(35,785)	758,034	809,221	(86,972)
Federal Grant Fund	-	35,209	35,209	-
Sales Tax	-	70	-	70
Payroll Deduction Fund	64,236	1,329,825	1,328,851	65,210
Totals	<u>\$ 1,435,102</u>	<u>\$ 14,623,885</u>	<u>\$ 15,613,826</u>	<u>\$ 445,161</u>

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

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
NOTES TO FINANCIAL STATEMENTS

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), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

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 include 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.

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.

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 include 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.

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 or highway use taxes are received 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.

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 any replacement items purchased.

Note 6. Pension Plan

The Township contributes to a SEP IRA plan unique to the Township. Information regarding this plan may be obtained from the Township.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 Reports of the Township which are 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 approved by management of the Township. It is presented as intended by the Township.

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

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Park And Recreation	Fire Debt	Levy Excess	Rainy Day
Cash and investments - beginning	\$ 112,677	\$ 90	\$ 442,415	\$ 210,458	\$ 49,571	\$ -	\$ -	\$ 204,026
Receipts:								
Taxes	470,788	98,285	3,320,438	175,346	244,710	312,336	-	-
Intergovernmental	69,861	1,019	-	1,991	2,537	-	-	-
Charges for services	-	-	519,026	-	-	-	-	-
Other receipts	144,830	70,687	4,482,959	881	443,006	107,963	14,907	123,971
Total receipts	685,479	169,991	8,322,423	178,218	690,253	420,299	14,907	123,971
Disbursements:								
Personal services	362,917	21,823	6,218,092	-	397,337	-	-	-
Supplies	7,921	936	202,377	-	43,200	-	-	-
Other services and charges	222,399	63,539	1,804,998	-	297,122	591,193	-	74,498
Capital outlay	-	-	-	71,811	-	-	-	-
Other disbursements	-	82,477	-	-	-	-	-	-
Total disbursements	593,237	168,775	8,225,467	71,811	737,659	591,193	-	74,498
Excess (deficiency) of receipts over disbursements	92,242	1,216	96,956	106,407	(47,406)	(170,894)	14,907	49,473
Cash and investments - ending	\$ 204,919	\$ 1,306	\$ 539,371	\$ 316,865	\$ 2,165	\$ (170,894)	\$ 14,907	\$ 253,499

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

	Hazardous Materials	General Obligation Bond Fund	Emergency Loan Debt Fund	Park District Debt Fund	Federal Grant Fund	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 24,695	\$ 4,161,240	\$ -	\$ -	\$ 10,490	\$ 44,279	\$ 5,259,941
Receipts:							
Taxes	-	-	2,933,405	503,826	-	-	8,059,134
Intergovernmental	-	-	33,300	-	7,110	-	115,818
Charges for services	-	-	-	-	-	-	519,026
Other receipts	4,801	175,713	1,464,535	190,356	501	1,338,661	8,563,771
Total receipts	<u>4,801</u>	<u>175,713</u>	<u>4,431,240</u>	<u>694,182</u>	<u>7,611</u>	<u>1,338,661</u>	<u>17,257,749</u>
Disbursements:							
Personal services	-	-	-	-	-	-	7,000,169
Supplies	-	-	-	-	-	-	254,434
Other services and charges	13,051	4,108,384	4,431,240	729,967	18,101	1,318,704	13,673,196
Capital outlay	-	-	-	-	-	-	71,811
Other disbursements	501	-	-	-	-	-	82,978
Total disbursements	<u>13,552</u>	<u>4,108,384</u>	<u>4,431,240</u>	<u>729,967</u>	<u>18,101</u>	<u>1,318,704</u>	<u>21,082,588</u>
Excess (deficiency) of receipts over disbursements	<u>(8,751)</u>	<u>(3,932,671)</u>	<u>-</u>	<u>(35,785)</u>	<u>(10,490)</u>	<u>19,957</u>	<u>(3,824,839)</u>
Cash and investments - ending	<u>\$ 15,944</u>	<u>\$ 228,569</u>	<u>\$ -</u>	<u>\$ (35,785)</u>	<u>\$ -</u>	<u>\$ 64,236</u>	<u>\$ 1,435,102</u>

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Park And Recreation	Fire Debt	Levy Excess	Rainy Day
Cash and investments - beginning	\$ 204,919	\$ 1,306	\$ 539,371	\$ 316,865	\$ 2,165	\$ (170,894)	\$ 14,907	\$ 253,499
Receipts:								
Taxes	126,384	82,068	1,637,203	144,859	205,169	488,897	-	-
Intergovernmental	221,482	46,778	1,080,488	14,798	176,946	72,393	-	-
Charges for services	-	-	627,138	-	144,189	-	-	-
Other receipts	64,828	56,190	4,540,514	-	150,854	226,710	-	620
Total receipts	412,694	185,036	7,885,343	159,657	677,158	788,000	-	620
Disbursements:								
Personal services	273,499	22,250	6,123,621	-	320,732	-	-	-
Supplies	7,425	201	124,678	-	21,054	-	-	-
Other services and charges	155,911	85,793	380,281	-	126,260	-	-	95,364
Debt service - principal and interest	45,589	56,737	1,428,630	-	117,767	604,426	-	-
Capital outlay	-	-	-	8,436	-	-	-	-
Other disbursements	-	-	-	-	-	113,355	14,907	-
Total disbursements	482,424	164,981	8,057,210	8,436	585,813	717,781	14,907	95,364
Excess (deficiency) of receipts over disbursements	(69,730)	20,055	(171,867)	151,221	91,345	70,219	(14,907)	(94,744)
Cash and investments - ending	\$ 135,189	\$ 21,361	\$ 367,504	\$ 468,086	\$ 93,510	\$ (100,675)	\$ -	\$ 158,755

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Hazardous Materials	General Obligation Bond Fund	Emergency Loan Debt Fund	Park District Debt Fund	Federal Grant Fund	Sales Tax	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 15,944	\$ 228,569	\$ -	\$ (35,785)	\$ -	\$ -	\$ 64,236	\$ 1,435,102
Receipts:								
Taxes	-	-	2,055,180	408,696	-	-	-	5,148,456
Intergovernmental	-	-	209,951	92,968	35,209	-	-	1,951,013
Charges for services	-	-	-	-	-	-	-	771,327
Other receipts	11,216	2,537	113,355	256,370	-	70	1,329,825	6,753,089
Total receipts	11,216	2,537	2,378,486	758,034	35,209	70	1,329,825	14,623,885
Disbursements:								
Personal services	-	-	-	-	-	-	-	6,740,102
Supplies	-	-	-	-	-	-	-	153,358
Other services and charges	7,900	231,106	-	-	35,209	-	-	1,117,824
Debt service - principal and interest	-	-	3,074,623	809,221	-	-	-	6,136,993
Capital outlay	-	-	-	-	-	-	-	8,436
Other disbursements	-	-	-	-	-	-	1,328,851	1,457,113
Total disbursements	7,900	231,106	3,074,623	809,221	35,209	-	1,328,851	15,613,826
Excess (deficiency) of receipts over disbursements	3,316	(228,569)	(696,137)	(51,187)	-	70	974	(989,941)
Cash and investments - ending	\$ 19,260	\$ -	\$ (696,137)	\$ (86,972)	\$ -	\$ 70	\$ 65,210	\$ 445,161

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 684,346</u>	<u>\$ 1,110,082</u>

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Lenovo Financial Services	servers & computers	\$ 15,141	12-22-11	12-22-14
Total of annual lease payments		<u>\$ 15,141</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO Bond 1998 Fire	\$ 955,000	\$ 155,894
General obligation bonds	GO Bond 2004 Series A Fire	2,245,000	208,484
General obligation bonds	GO Bond 2004 Series B Fire	1,390,000	134,935
General obligation bonds	GO Bond 2007 Park	6,270,000	548,518
Notes and loans payable	2011 Emergency Fire Loan	<u>3,100,000</u>	<u>3,156,552</u>
Total governmental activities		<u>13,960,000</u>	<u>18,164,383</u>
Totals		<u>\$ 13,960,000</u>	<u>\$ 4,204,383</u>

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 10,638,400
Buildings	10,268,214
Machinery, equipment and vehicles	<u>2,851,545</u>
Total governmental activities	<u>23,758,159</u>
Total capital assets	<u>\$ 23,758,159</u>

WASHINGTON TOWNSHIP
OTHER REPORT

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

Washington Township - Special

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The following funds were overdrawn at December 31, 2010 and 2011:

Fund	Year	Ending Balance
Fire Debt	2010	\$ (170,894)
Park District Debt Fund	2010	(35,785)
Emergency Loan Debt Fund	2011	(696,137)
Fire Debt	2011	(100,675)
Park District Debt Fund	2011	(86,972)

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (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:

Fund	Years	Excess Amount Expended
Township Assistance	2010	\$ 37,071
Fire Debt	2011	2,893
Emergency Fire Loan Fund	2011	813
Park District Debt Fund	2011	2,633

Indiana Code 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."

CREDIT CARDS

During a review of credit card disbursements, we identified several concerns as follows:

- Five purchases included sales tax totaling \$18.21.
- Eight disbursements totaling \$669.37 did not have adequate documentation to support the entire disbursement.
- Two disbursements did not have itemized receipts in the amount \$134.08.
- Four gift cards were purchased totaling \$575.00. Two of the gift cards totaling \$300.00 were given to an assistant to purchase supplies for a park event. Receipts were not presented to account for the purchases those two gift cards were used for.
- Interest charges in the amount of \$48.65 were paid due to late payment.

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

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(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)

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)

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WASHINGTON TOWNSHIP, HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 9, 2012, with Donald Hodson, Jr., Trustee; Douglas Elmore, Chairman of the Township Board; and Pat McLaughlin, Deputy Trustee. The Official Response has been made a part of this report and may be found on pages 25 and 26.

WASHINGTON TOWNSHIP TRUSTEE

TRUSTEE
Don Hodson

HENDRICKS COUNTY
311 PRODUCTION DRIVE
AVON, INDIANA 46123
PHONE: (317) 272-1835

TOWNSHIP BOARD
Suzanne X. Conger
Doug Elmore
Michael J. Lynch

July 16, 2012

Ms Sommer Cannon
Indiana State Board of Accounts
302 Washington St., Room E418
Indianapolis, Indiana 46204-2765

Re: Washington Township, Hendricks County SBOA Audit for 2010 and 2011

Dear Ms. Cannon:

On July 9, 2012, an Exit Conference was held and attended by the SBOA auditors and Doug Elmore, Township Board President; Terry P Laughlin, Township Deputy Trustee and Donald Hodson, Township Trustee. The Examination Results and Comments were reviewed by the SBOA representatives with the three Township representatives. After those comments were shared, the Township elected to select "Option 4" as their response to the comments made by the SBOA. That response is given below and covers only the part of the audit that refers to 2011, which is the time period that the Township representatives were in office and responsible for. There was a previous group of elected officials that governed during 2010.

Concerning the reference to "Appropriations":

The audit states that during 2011 the Fire Debt Fund expense expended was in the excess of \$2,893; the Emergency Fire Loan Fund was expended in excess by \$813 ; and the Park Debt fund was expended in excess by \$2,633. The reason for this was all three funds were underfunded by the previous administration and were subject to operating under the 2010 budget in 2011 due to the previous administration not properly advertising the 2011 budget resulting in the Department of local Government Finance (DLGF) imposing the 2010 budget on the present administration to operate under.

The present administration evaluated these underfunded amounts and executed additional appropriations in 2011 in amounts sufficient to cover the 2011 expenditures for principal, interest, and trustee fees. However, the present administration allocated costs associated with Tax Anticipation Warrants and Arbitrage calculation to these funds that in retrospect should have been allocated to the operating Fire Fund and township General Fund, which had sufficient 2011 unspent appropriations to support these expenditures. The present administration has taken measures to allocate these costs to the operating Fire Fund and township General Fund in the future.

Concerning the reference to "Credit Cards":

During 2011 the audit noted three purchases where sales taxes were paid in the amount of \$4.51 and one purchase for \$67.04 did not have an itemized receipt. The administration acknowledges these mistakes and has taken measures to insure that they are not repeated in the future.

(Official Response to Exit Conference-page 2)

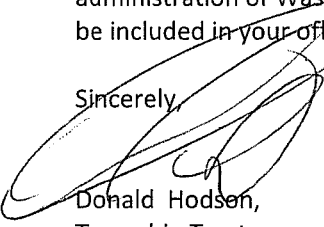
In regard to "Overdrawn Fund Balances":

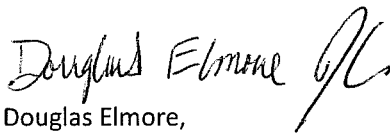
The previous administration did not allocate sufficient revenue in 2010 to offset revenue shortfalls including Circuit Breaker Credit losses. The previous administration did not allocate sufficient revenue in the 2011 budget to offset revenue shortfalls including Circuit Breaker Credit losses. Also, the previous administration did not levy taxes in the debt funds sufficient to create debt fund operating balances for budget years 2009,2010 or 2011 as would have been allowed by the Department of Local Government Finances (DLGF). Further, the previous administration administratively failed to adopt the 2011 budget which resulted in the DLGF imposing the previous year budget including insufficient debt levies to create allowable operating balances.

The current administration has taken the appropriate steps necessary to eliminate the overdrawn fund balances in 2012. The current administration's 2012 budget as approved by the DLGF has debt levies allowing for operating balances. Also the current administration has allocated 2012 CAGIT Certified Shares, through resolution, to the debt funds in amounts sufficient to generate operating balances even in light of anticipated Circuit Breaker Credit losses. Further, the current administration has verbally committed to continue allocating sufficient CAGIT Certified Shares to the debt service funds in the amount necessary to maintain appropriate operating balances.

As allowed under Option 4 of the Exit Conference Report, this is the official response of the present administration of Washington Township. We appreciate the opportunity to file this response and asked that it be included in your official audit for 2010-2011.

Sincerely,


Donald Hodson,
Township Trustee


Douglas Elmore,
Township Board President