

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

EXAMINATION REPORT
OF
PIKE TOWNSHIP
MARION COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/31/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lula M. Patton	01-01-07 to 12-31-10
Chairman of the Township Board	Annette Johnson Daryl Black	01-01-07 to 12-31-07 01-01-08 to 12-31-09



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

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

STATE BOARD OF ACCOUNTS

November 23, 2009

PIKE TOWNSHIP, MARION COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 1,301,356	\$ 1,135,690	\$ 751,873	\$ 1,685,173
Dog	684	-	684	-
Township Assistance	132,629	316,957	337,891	111,695
Firefighting	1,056,142	21,291,207	22,372,219	(24,870)
Fire Debt	(111,776)	3,014,286	2,982,902	(80,392)
Cumulative Fire	1,835,059	45,311	1,187,096	693,274
Donations	-	883	705	178
Rainy Day	254,854	-	-	254,854
Proprietary Fund:				
Health Plan	10	2,275,853	2,275,853	10
Fiduciary Funds:				
Fire Pension	541,052	113,545	117,828	536,769
Payroll Withholdings	320	3,176,997	3,176,945	372
Pike Flexible Spending Account	-	69,801	72,076	(2,275)
Small Claims Court Fees	12,820	1,005,579	1,005,962	12,437
Small Claims Court Trust	-	2,754,761	2,754,761	-
Totals	<u>\$ 5,023,150</u>	<u>\$ 35,200,870</u>	<u>\$ 37,036,795</u>	<u>\$ 3,187,225</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 1,685,173	\$ 676,212	\$ 831,939	\$ 1,529,446
Township Assistance	111,695	381,365	381,038	112,022
Firefighting	(24,870)	25,873,533	25,779,589	69,074
Fire Debt	(80,392)	2,065,183	993,900	990,891
Cumulative Fire	693,274	488,814	799,378	382,710
Donations	178	25	166	37
Rainy Day	254,854	311,456	-	566,310
Proprietary Fund:				
Health Plan	10	1,488,706	1,488,706	10
Fiduciary Funds:				
Fire Pension	536,769	221,532	246,916	511,385
Payroll Withholdings	372	3,267,917	3,366,381	(98,092)
Pike Flexible Spending Account	(2,275)	61,400	61,821	(2,696)
Small Claims Court Fees	12,437	1,038,214	1,028,136	22,515
Small Claims Court Trust	-	2,472,258	2,472,258	-
Totals	<u>\$ 3,187,225</u>	<u>\$ 38,346,615</u>	<u>\$ 37,450,228</u>	<u>\$ 4,083,612</u>

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

PIKE TOWNSHIP, MARION 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, 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).

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.

PIKE TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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.

PIKE TOWNSHIP, MARION COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The Firefighting Fund, Fire Debt Fund, and Pike Flexible Spending Account Fund were overdrawn in 2007. The Payroll Withholdings Fund and Pike Flexible Spending Account Fund were overdrawn in 2008.

The cash 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:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Fire Fighting	2007	\$ 1,056,826
Fire Debt	2007	993,919
Fire Fighting	2008	1,667,872

IC 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."

ADVANCE PAYMENTS

Payroll is processed and distributed to employees prior to the end of the pay period. The employees are being paid in advance of earning their compensation.

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)

CAPITAL ASSET RECORDS

Capital asset records are maintained by the Township. However, the records maintained for the Fire Department did not include any assets purchased prior to December 29, 2004. A similar comment has appeared in the prior two reports.

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

PIKE TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2009, with Lula M. Patton, Trustee; and Suzanne Pingel, Finance Administrator. The official response has been made a part of this report and may be found on pages 9.



Phone 317-291-5801

Fax 317-388-7385

LULA M. PATTON
Pike Township Trustee

5665 Lafayette Road Suite C
Indianapolis, Indiana 46254

November 30, 2009

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

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RESPONSE TO EXAMINATION RESULTS AND COMMENTS

1. Overdrawn Cash Balances

Auditors advised the flexible spending account was overdrawn in 2007 and 2008. The payroll department added additional employees to the account during those years without notice to the trustee office. Without notification the account was not funded to reflect the additions. It was discovered in 2008 and corrected in 2009 on the advice of auditor. Further adjustments will be made after the last payroll in December 2009 and funds will balance. The bank account was never overdrawn during 2007 and 2008.

2. Appropriations

The examination shows an over expenditure of the budgeted appropriations in the Firefighting Fund by \$1,056,826, Fire Debt Fund by \$993,919 in 2007 and in 2008 Firefighting Fund by \$1,667,872. The Township expenditures were within the known budget at the time. Unfortunately, the Township did not receive its 2007 order until 2008 and the 2008 order until 2009 from the Department of Local Government Finance. Given the timing of the orders, the Township was unable to reduce its expenditures to meet the revised appropriations budget and could not take necessary steps for additional appropriations.

We hope to receive future orders in a timely manner and have put steps in place to make necessary adjustments to the budget in the future.

3. Advance Payments

To correct this problem, payroll will be deposited one day later.

Sincerely,


Lula M. Patton