

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

COMPLIANCE ENGAGEMENT REPORT

OF

PIKE TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2018 to December 31, 2021



FILED

04/10/2024

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------|--------------------------------------|--|
| Trustee | Lula M. Patton Annette M. Johnson | 01-01-18 to 12-31-18 01-01-19 to 12-31-24 |
| Chair of the Township Board | David Willis | 01-01-18 to 12-31-24 |
| Judge of Small Claims Court | A. Douglas Stephens | 01-01-18 to 12-31-24 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Pike Township (Township), for the period of January 1, 2018 to December 31, 2021. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements had not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Annette M. Johnson, Trustee; David Willis, Chair of the Township Board; A. Douglas Stephens, Judge of Small Claims Court; Phyllis Robinson, Finance Administrator; Jeffrey Beam, Fire Chief; and Beth Marsh, Accountant, on March 13, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 6, 2024

PIKE TOWNSHIP, MARION COUNTY
COMMENT

ANNUAL FINANCIAL REPORT

The same comment also appeared in prior Report B52094.

Condition and Context

Financial information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. Internal controls were not in place to ensure activity of the Township was properly reported in the AFR.

The AFR for 2019, 2020, and 2021 did not include receipts, disbursements, and beginning and ending cash and investments for the Small Claims Court (Court). The Court's activity was compiled and included in the Statements below.

Additionally, the Pike Fire RHIF Fund 2020 receipts were overstated by \$393,535, causing the ending balance to be overstated by that amount. There error carried forward to the 2021 AFR overstating beginning and ending balance by that same amount. Adjustments were made in the Statements below to correct receipts in 2020, and, therefore, correcting cash balances going forward.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited unit financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

PIKE TOWNSHIP, MARION COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

| Fund | Cash and Investments | | | Cash and Investments | | | Cash and Investments |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 01-01-18 | Receipts | Disbursements | 12-31-18 | Receipts | Disbursements | 12-31-19 |
| TOWNSHIP FUND | \$ 386,184 | \$ 750,689 | \$ 984,008 | \$ 152,865 | \$ 1,500,723 | \$ 988,681 | \$ 664,907 |
| TOWNSHIP ASSISTANCE | 491,043 | 402,906 | 451,632 | 442,317 | 51,800 | 472,433 | 21,684 |
| FIRE FIGHTING | 14,767,127 | 26,303,983 | 24,059,890 | 17,011,220 | 29,144,624 | 28,033,732 | 18,122,112 |
| 2001 RAINY DAY FUND | 3,589,408 | - | - | 3,589,408 | - | - | 3,589,408 |
| LEVY EXCESS FUND | 49,388 | - | - | 49,388 | - | - | 49,388 |
| CUMULATIVE FIRE | 8,641,967 | 4,964,871 | 4,726,979 | 8,879,859 | 2,814,584 | 3,580,146 | 8,114,297 |
| PIKE FSA LOAN | 27,468 | 92,099 | 85,620 | 33,947 | 70,557 | 80,288 | 24,216 |
| PAYROLL DEDUCTIONS | 2,531 | 4,082,979 | 4,083,024 | 2,486 | 4,410,440 | 4,517,319 | (104,393) |
| FIRE PENSION CDS | 431,301 | 395 | - | 431,696 | 359 | - | 432,055 |
| FIRE DEBT FUND | 268,557 | - | - | 268,557 | - | - | 268,557 |
| EMERGENCY FIRE LOAN | 47,663 | - | - | 47,663 | - | - | 47,663 |
| PIKE HEALTH PLAN | 47,245 | 3,539,546 | 3,526,024 | 60,767 | 5,081,314 | 5,056,480 | 85,601 |
| Small Claims Court Fees | 30,824 | 594,148 | 591,068 | 33,904 | 539,015 | 534,661 | 38,258 |
| ASSISTANCE TO FIREFIGHTERS GRANT | - | - | 51,871 | (51,871) | 150,819 | 2,972 | 95,976 |
| FIRE PENSION FUND | 83,662 | 181,978 | 179,978 | 85,662 | 185,826 | 162,156 | 109,332 |
| Small Claims Court Trust | 319 | 1,575,192 | 1,576,971 | (1,460) | 1,534,377 | 1,535,169 | (2,252) |
| Totals | <u>\$ 28,864,687</u> | <u>\$ 42,488,786</u> | <u>\$ 40,317,065</u> | <u>\$ 31,036,408</u> | <u>\$ 45,484,438</u> | <u>\$ 44,964,037</u> | <u>\$ 31,556,809</u> |

PIKE TOWNSHIP, MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2020 and 2021

| Fund | Cash and Investments 01-01-20 | Receipts | Disbursements | Cash and Investments 12-31-20 | Receipts | Disbursements | Cash and Investments 12-31-21 |
|----------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| TOWNSHIP FUND | \$ 664,907 | \$ 1,130,541 | \$ 933,075 | \$ 862,373 | \$ 1,176,041 | \$ 967,935 | \$ 1,070,479 |
| CARES EMERGENCY MEDICAL/FIRE | - | 46,568 | 46,568 | - | - | - | - |
| TOWNSHIP ASSISTANCE | 21,684 | 509,485 | 498,512 | 32,657 | 606,684 | 539,157 | 100,184 |
| FIRE FIGHTING | 18,122,114 | 29,523,625 | 28,007,556 | 19,638,183 | 33,629,878 | 28,826,120 | 24,441,941 |
| 2001 RAINY DAY FUND | 3,589,408 | - | - | 3,589,408 | - | - | 3,589,408 |
| LEVY EXCESS FUND | 49,388 | - | - | 49,388 | - | - | 49,388 |
| CUMULATIVE FIRE | 8,114,297 | 3,446,851 | 1,847,270 | 9,713,878 | 2,085,521 | 3,286,953 | 8,512,446 |
| PIKE FSA LOAN | 24,216 | 89,500 | 63,726 | 49,990 | 19,890 | 23,732 | 46,148 |
| PAYROLL DEDUCTIONS | (104,393) | 5,122,445 | 4,851,202 | 166,850 | 5,624,868 | 5,791,718 | - |
| FIRE PENSION CDS | 432,055 | - | - | 432,055 | - | - | 432,055 |
| FIRE DEBT FUND | 268,557 | - | - | 268,557 | - | - | 268,557 |
| EMERGENCY FIRE LOAN | 47,663 | - | - | 47,663 | - | - | 47,663 |
| PIKE HEALTH PLAN | 85,602 | 5,327,415 | 5,184,965 | 228,052 | 616,401 | 620,167 | 224,286 |
| FIRE PENSION FUND | 109,332 | 154,042 | 154,042 | 109,332 | 75,089 | 158,629 | 25,792 |
| ASSISTANCE TO FIREFIGHTERS GRANT | 95,977 | 31,067 | - | 127,044 | - | - | 127,044 |
| DONATIONS | - | 6,350 | 292 | 6,058 | 5,856 | 1,126 | 10,788 |
| PIKE FIRE RHIF FUND | - | 546,188 | 318,557 | 227,631 | 397,257 | 142,266 | 482,622 |
| Small Claims Court Fees | 38,258 | 298,583 | 312,624 | 24,217 | 334,370 | 332,238 | 26,349 |
| Small Claims Court Trust | (2,252) | 1,189,456 | 1,165,542 | 21,662 | 1,350,919 | 1,355,975 | 16,606 |
| Totals | <u>\$ 31,556,813</u> | <u>\$ 47,422,116</u> | <u>\$ 43,383,931</u> | <u>\$ 35,594,998</u> | <u>\$ 45,922,774</u> | <u>\$ 42,046,016</u> | <u>\$ 39,471,756</u> |